



National Policy
to
Realize Pakistan's Gemstone Potential
2026-30



Ministry of Industries & Production
Islamabad

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Acronym

AML	Anti-Money Laundering
APCEA	All Pakistan Commercial Exporters Association
AWDC	Antwerp World Diamond Centre
CFC	Common Facility Centre
DMCC	Dubai Multi Commodities Centre
EU	European Union
FBR	Federal Board of Revenue
FX	Foreign Exchange
GI	Geographical Identity
GIA	Gemological Institute of America
GIT	Gems & Jewelry Institute of Thailand
GJEPC	Gem & Jewellery Export Promotion Council
GRS	Gem Research Swisslab
GSP	Geological Survey of Pakistan
IGI	International Gemological Institute
IP	Intellectual Property
MoIP	Ministry of Industries and Production
NGJA	National Gems and Jewellery Authority
NWO	National Warranty Office
PGJDA	Pakistan Gems and Jewellery Authority
PGJDC	Pakistan Gems and Jewellery Development Company
PMDC	Pakistan Mineral Development Corporation
Proposed authority	Statutory authority proposed to be constituted under this policy
PSW	Pakistan Single Window
SBP	State Bank of Pakistan
SME	Small and Medium Enterprise
SOP	Standard Operating Procedures
SRO	Statutory Regulatory Order
TDAP	Trade Development Authority of Pakistan
WIPO	World Intellectual Property Organization

Executive Summary

Pakistan is blessed with a rich endowment of precious and semi-precious stones, with reserves estimated among the top five globally. Yet, despite this natural advantage, Pakistan's documented gemstone exports remain limited—around US\$ 5 to 7 million annually—accounting for only 0.3% of the global trade. The sector is characterized by pervasive informality, high wastage, weak governance, limited value addition, and restricted access to finance and international markets. These constraints have resulted in substantial value leakage, low export realization, and missed opportunities for employment, investment, and foreign exchange earnings.

This policy sets out a comprehensive, actionable framework to transform Pakistan's gemstone sector from a largely informal, low-value business into a transparent, competitive, and globally trusted industry over the next five years viz. 2026–2030. It is grounded in extensive consultations with industry stakeholders, provincial and federal agencies, financial institutions, and international experts, as well as benchmarking against successful peer countries such as India, Thailand, Sri Lanka, and Myanmar.

The policy is structured around three strategic priorities viz formalizing the gemstone value chain, inducing growth through value addition and investment and lastly, achieving global competitiveness and brand differentiation.

The policy places formalization at its core priority, as it remains the quickest and most cost-effective lever for unlocking growth. Key measures in this regard include establishment of a new statutory national authority to replace and expand the mandate of the existing Pakistan Gems and Jewellery Development Company, creation of a national registry of gemstone businesses, implementation of end-to-end traceability, and the introduction of accredited certification and valuation systems. Central to this effort is the establishment of a National Warranty Office to provide consistent system for inspection, valuation, and traceability of

gemstone for exports, thereby reducing disputes, enabling secure courier services, and restoring trust among the buyers, banks, and regulators. Reforms aimed at improving customs procedures, establishing the now missing return and refund regime, e-commerce and payment gateways are other important interventions that will integrate Pakistani exporters seamlessly into the global markets, particularly benefiting small and emerging firms.

To capture a larger share of the global value chain, the policy focuses on expanding domestic cutting, polishing, and processing capacity. This will be achieved by granting industrial status to the gemstone businesses, improving access to finance through banking reforms, extending the limit of foreign exchange by businesses to attract repatriation of export proceeds, and acceptance of certified gemstones as collateral. Further, measures will be taken to ease import of rough gemstones, lapidary and mining equipment, as well as to strengthen infrastructure and skills at the level of existing clusters. Measures are also proposed to modernize artisanal mining practices, reduce wastage, improve safety, and balance controlled access to explosives with sustainability and security concerns.

The policy seeks to position Pakistan as a credible, ethical, and high-quality gemstones origin. For this purpose, it emphasizes upon the need for compliance with globally acceptable compliance standards in relation to traceability, anti-money laundering, environmental and social responsibility, as well as fair sourcing. Further, the policy also seeks to strengthen branding, marketing, and buyer engagement, supported by improved data, certification, and transparent governance.

Policy implementation will require a whole-of-the government approach, which will be overseen by a steering committee under Minister for Industries & Production with the aim of turning Pakistan's gemstones sector into a sustainable driver of foreign investment and sustainable driver of industrial development.

CHAPTER 1 INTRODUCTION

1.1 Pakistan's Rich Resource Base

The gemstones have been used as objects of adornment, power, wealth and also as a medium of exchange since ages. As far their composition, gemstones could be minerals, rocks and organic materials that are valuable for their rarity, beauty and durability. However, most gemstones are minerals that form as a result of complex and often rare geological processes spanning over millions of years. The organic gemstones include pearls, amber, coral and jet and as their name suggests, are formed by living organisms. The gemstones are broadly categorized as precious [the big four — diamond, ruby, sapphire and emerald] or the semi-precious stones. The distinction between the two is mostly historical and commercial, and does not assume that semi-precious stones are not valuable.

Pakistan has significant and diverse deposits of mineral precious and semi-precious stones. Although the full extent and size of the resource has not yet been confirmed through detailed geological mapping, at least over thirty types are mined mostly from Swat, Katlang, Dir, Kohistan, Mohmand, and Chitral in Khyber Pakhtunkhwa; Gilgit, Hunza, Skardu and Shigar in Gilgit-Baltistan; and Neelum Valley in Azad Jammu & Kashmir. Of these, Kashmir rubies, Swat emeralds, Kohistan peridots and Katlang pink topaz are the most important and their quality rivals the best in the world. So far as the semi-precious stones, aquamarine, tourmaline, quartz, spinel and garnet are the most prominent. Pakistan is also the sole known source of Sannan Skarn, or Pakistani Jade, a distinctive skarn-type gemstone occurring around Muslim Bagh, Baluchistan and K2 Jasper occurring in the K2 mountain range, Gilgit Baltistan.

It is estimated that Pakistan has the fifth largest gemstone reserves in the world, *inter alia* comprising over 200 million carats of ruby, 70 million carats of emerald, 10 million carats of peridot and 9 million carats of pink topaz with an approximate total value of over US\$ 450 billion.

Archeological finds confirm that gemstones were known to the areas constituting Pakistan since at least 3000 BC. In Indus Valley Civilization several precious and non-precious stones such as agate, lapis lazuli, turquoise and amethyst were used in ornaments, seals and for trade. These stones were resourced locally as well through long-distance trade networks.

Figure 1: Important Gemstones Finds in Pakistan



Since independence, mining, finishing and trade of gemstones in Pakistan has remained largely a small-scale informal business. In order to give it the due focus, in 1978, mining and trade of gemstones was taken over exclusively by the Gemstone Corporation of Pakistan, a wholly state-owned entity. However, this strategy did not lead to the desired results and the Corporation was shut down in 1997. This created an opportunity for expansion through private investment and as of now it is estimated that over 150 enterprises are engaged in mining while over 5,000 others are involved in value addition and trade. Organically, the gemstones trade has gravitated into five geographical clusters, (a) Namak Mandi, Peshawar which is by far the largest cluster with a long history of trade in the Afghan gemstones through the silk route; (b) Quetta; (c) Karachi; (d) Lahore; and (e) Rawalpindi. In addition, small scale trade occurs at various other locations, most important of which are Gilgit, Shigar and Hunza, all of which are located in the Gilgit Baltistan region.

There are several associations of gemstone traders. Out of these two, the All Pakistan Commercial Exporters Association (APCEA) and the Pakistan Gems and Jewelers Traders and Exporters Association (PGJTEA) are the most important.

Realizing the importance of the sector, the federal government set up a not-for-profit Pakistan Gems and Jewelry Development Company (PGJDC) in 2007. The main objective of the PGJDC was to increase competitiveness by imparting skills in gemstone identification and testing, processing including lapidary as well as jewelry designing and manufacturing. However, PGJDC's full potential could not be realized as the government funding for its operations was discontinued in 2019.

1.2 Gemstones Export from Pakistan

Due to traditional fashion preferences, domestic demand for gemstones is negligible – only around 0.45% of the produced gemstones are used inside Pakistan. Hence, sector's growth is inextricably linked to export. However, despite a large resource base, Pakistan's documented gemstone

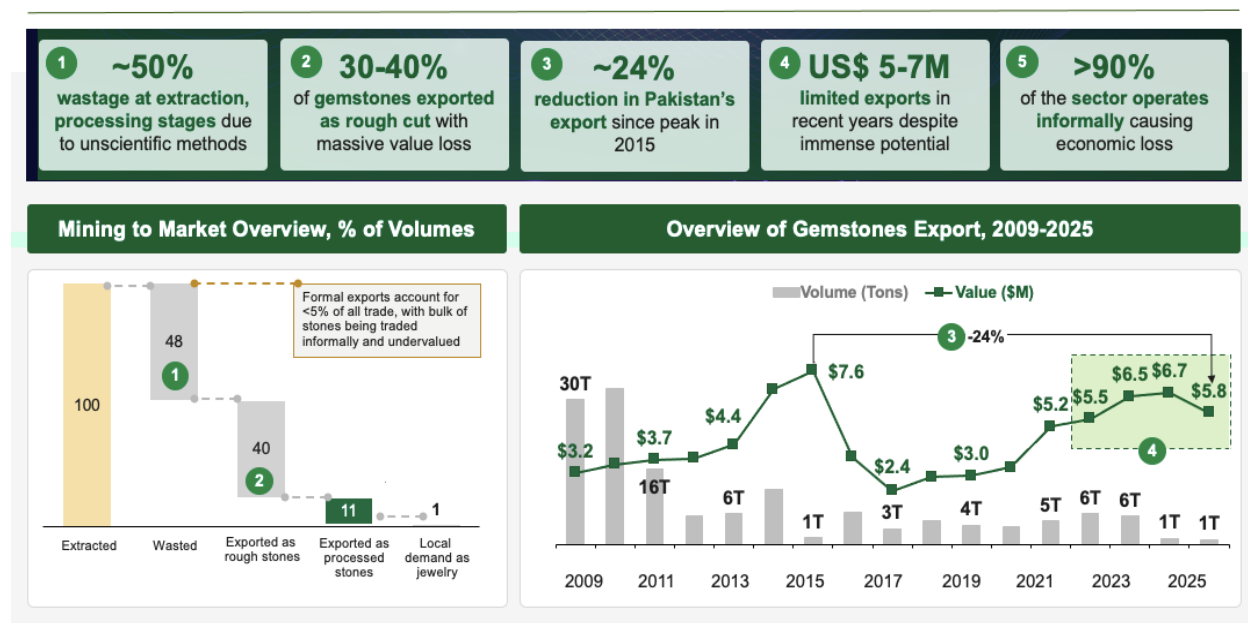
exports have remained low — between US\$ 5 to 7 million— in the recent years.

Since its peak in 2015, export values have fallen by roughly 24%. Nonetheless since 2017 when lowest export was recorded, the growth has been consistent with a CAGR of 11.79%.

Quite ironically, some reports suggest that formal channels account for less than 5% of the total trade, reflecting widespread informality and under invoicing. Further, a large share of the production — an estimated 30 to 40% — is exported as rough stones while extraction to market wastage remains around 50% which is very high. These figures show both the scale of current value leakage and the upside: improving traceability, certification, better mining practices and local value addition could materially raise unit values and capture a far larger share of the sector's economic potential.

The global gemstones trade has seen a growth of 2.41% over the last nine years and was valued at US\$ 11.86 billion in 2024. It is dominated by a handful of producers and trading hubs — India, Thailand, Sri Lanka, Myanmar and Hong Kong. Collectively, these states control around 45% of

Figure 2: A Snapshot of Value Lost and Gemstone Export from Pakistan 2009-2025



the global gemstone market. Pakistan's share in the global market is only 0.3%.

1.3 Understanding the Challenges

The approach was to undertake an extensive and inclusive consultation to fully understand the challenges underlying growth. The work was steered by a committee headed by the Special Assistant to Prime Minister on Industries & Production. The committee constituted working groups to develop recommendations on six core problems identified during initial discussion viz. (a) import and export regime; (b) banking and finance matters; (c) return and refund of unsold goods; (d) strengthening sector logistics particularly courier services; (e) implementing traceability starting with the registration of businesses; and (f) modernizing mining operations. On the overall, the committee and the working groups had more than two dozen working sessions. The main participants included businesses working both at formal and informal, large and small levels; relevant agencies of the federal and provincial governments including Finance and Petroleum Divisions, Ministries of Commerce, Communication and Defence, Federal Board of Revenue (FBR), State Bank of Pakistan (SBP), Trade Development Authority of Pakistan (TDAP), PGJDC, Geological Survey of Pakistan (GSP), and mines and mineral departments. In addition, relevant trade associations including APCEA, PGJTEA and Pakistan Banks' Association were also consulted.

In order to obtain a view on comparative practices and global benchmarks, international experts as well as persons with good knowledge of the local gemstone practices were also consulted. This included discussions with the relevant persons from the World Diamond Council, the World Jewelry Confederation, Cartier, De Beers and ABN Amro. In addition, industry standards such as that of Kimberley Process, Antwerp World Diamond Centre (AWDC) and the Responsible Jewellery Council, were taken into consideration.

The aforesaid consultations indicated that Pakistan's inability to stir growth is linked to (a) lack of detailed geological resource mapping; (b)

pervasive informality and material value leakage; (c) high wastage rate at extraction and processing stages; (d) weak and fragmented governance resulting in coordination failures; (e) lack of access to credit, restrictive foreign exchange regulations and banking practices; and (f) general lack of technical capacity and awareness among the firms at every stage of gemstone value chain. The details on these challenges and their solutions are given in subsequent chapters of this policy.

1.4 Objectives of the Policy

This policy lays down a single, actionable framework to address challenges identified during consultation. The policy imperative is twofold: (a) to create credible, auditable systems—registration, traceability, certification and export evidence—that make gemstone flows bankable and compliant with the domestic and international regulatory expectations; and (b) to catalyze up-stream value addition through financing, cluster development and targeted incentives so that Pakistan captures a larger share of the value chain.

Achieving these objectives will reduce anti-money laundering (AML) and tax evasion risks, unlock export refinancing and private investment, and create right conditions for sustainable, high value employment and enterprise growth.

This policy sets out the following three strategic objectives:

- (a) Priority 1: Formalizing gemstone value chain through registration, traceability, and certification. It is hoped that formalization can deliver immediate wins by converting informal flows from gemstone sales into bankable, tax-compliant exports while simultaneously reducing AML exposure.
- (b) Priority 2: Inducing growth and capturing upstream value by catalyzing investment and scale domestic value addition by unlocking finance, modernizing mining practices and building competitive processing clusters.

- (c) Priority 3: Achieving global leadership and brand differentiation to secure long term foreign investment, premium pricing, and durable export growth.

Achievement of these objectives is linked to a number of interventions to address coordination failures, bring about institutional and regulatory reforms and build capacity across the sector value chain. Realization of these objectives will require a whole government approach across a number of federal and provincial entities and for this purpose the policy defines a well structured review and oversight framework. The ultimate aim of these objectives is to raise export value, expand formal employment, strengthen governance and attract responsible investment.

The strategic objectives are assigned priority in accordance with relative ease of implementation and financing needs — quick wins with relative low investment requirement are given a higher priority. However, in order to remove any ambiguity, it is clarified that interventions under all priority objectives will be implemented simultaneously.

1.5 Policy Targets

The policy aims at steadily increasing export earnings reaching US\$ 650 million by 2030. In parallel, the policy places strong emphasis on employment generation and skills development. Over the five year period, it is expected that over 6,400 persons will be trained in better mining, practices, beneficiation procedures and trading.

Further, in order to enhance standardization and trust in Pakistani gemstones, at least four well renowned international certification laboratories will be attracted to establish their offices in Pakistan. At the same time, five local gemological laboratories will be assisted and developed into credible certifying agencies.

Value addition is a central pillar of the policy. The policy is geared towards a gradual but significant increase in domestic gem value addition, reaching over US\$ 60 million cumulatively by the end of the policy period.

This will be complemented by the development of model mechanized mines, with at least 25 such mines envisaged over the policy period, demonstrating modern, safe, and sustainable mining practices.

The policy also targets strong brand recognition and story-telling of Pakistani gemstones in the international markets through participation in international exhibitions and organization of national and international gemstone exhibitions in Pakistan. Over the five-year period, around 1500 businesses will be facilitated through these exhibitions, enabling direct engagement with international buyers and integration into formal trade channels. As a result, cumulative business undertaken by participating exporters is expected to reach US\$ 36 million over the policy period, underscoring exhibitions as a key driver of export growth and market visibility.

Collectively, the objectives and targets underline this policy's core thrust on transforming Pakistan's gemstone sector from a largely informal activity into a structured, value added, export competitive industry that will contribute meaningfully to economic growth, employment, and foreign exchange earnings.

Further details including annual split of the targets is given at Appendix I.

CHAPTER 2

THE PROBLEM STATEMENT

2.1 Key Obstacles to Growth

This chapter sets out principal obstacles that have prevented Pakistan's gemstone sector from realizing its full economic potential. As stated earlier, these obstacles were identified through an extensive consultative process involving industry, trade associations, sector experts and relevant government agencies across the federal and provincial governments.

In order to structure consultations, six working groups addressing the most important areas viz. (a) customs and valuation regime; (b) foreign exchange and banking matters; (c) return and refund of unsold goods; (d) sector logistics; (e) registration of businesses; and (f) modernizing mining operations were constituted. In order to deep dive into issues, working groups also constituted several sub-working groups.

The problems identified through this process were then segregated into two broad categories viz. (a) those associated with a specific stage of the value chain; and (b) cross cutting problems that impact the entire value chain. An attempt was also made to identify specific weaknesses underlying each broader problem and its practical consequence for traceability, value capture and formalization. Further details are given in the following sections.

2.2 Specific Value Chain Problems

The value chain of the sector comprises of three stages viz. mining, value addition and exports. Major obstacles at each stage are as under:

2.2.1 Mining Stage

While there is no official or exact count, it is estimated that around 5,000 gemstone mines are operating in Pakistan. Most of the mines are concentrated in the northern mountainous regions of Khyber Pakhtunkhwa, Gilgit-Baltistan and

Azad Jammu & Kashmir. However, gemstones are also mined from Chaghi, Loralai, Chaman, Zhob and other areas of Baluchistan.

Figure 3: A Typical Artisanal Mine in Skardu

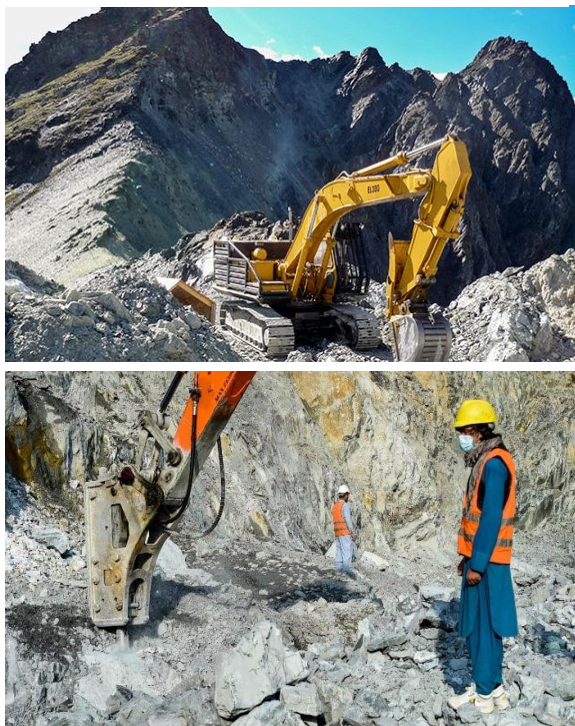


As a general rule, gemstone mining is undertaken at a small-scale through artisanal and foxhole type working — a labyrinth of irregular tunnels that pierce the mountains following gemstone bearing veins, which, given their characteristic appearance are quite easily identifiable. The operations are rudimentary with heavy reliance on manual labour and indiscriminate use of explosives for tunnelling. It is estimated that for these two reasons, around 40 to 50% of the resource is wasted at this stage.

Despite considerable effort, improvement in mining practices has remained elusive due to various factors. Firstly, mining as a subject is devolved to the provinces. Therefore, a considerable effort is required to effect coordination and to harmonize the spread of good practices across different provinces. Unfortunately, such efforts have remained wanting. Inadequate geological mapping and reserve estimates is another formidable challenge. This deters investment. Under the existing distribution of responsibilities, the purview of the Geological Survey of Pakistan

(GSP) is restricted to geological mapping only while reserve estimation is beyond their mandate.

Figure 4: Nephrite Mining in KPK



Mine lease systems also vary across different regions considerably. While in the case of Khyber Pakhtunkhwa and Azad Jammu & Kashmir, the mines are well documented and their leases are controlled by respective governments and awarded against a royalty, most of the mines in Gilgit Baltistan are artisan and community owned. Absence of a policy to recognize or otherwise deal with communal mining rights remains a major impediment. Further, while provincial mine registries do exist, these are not consolidated into a single national registry, creating gaps that undermine traceability.

In addition, existing mine lease policies do not incentivize better production practices or compliance with recognized environmental and sustainability standards required by discerning foreign buyers.

Moreover, the miners repeatedly cite restrictions on supply of explosives as a major challenge. While there is a need to avoid indiscriminate use of explosives, it has to be realized that some

explosives will still be required for mining operations. Hence ensuring a controlled but assured supply of explosives is a must at least for the time being.

2.2.2 Value Addition Stage

The gemstone sector continues to be constrained by structurally low levels of beneficiation through skilled cutting, polishing and treatment. Approximately 30 to 40% of the gemstones are exported in rough form, reflecting limited national capacity. As a result, export unit values remain depressed, and the sector forgoes an estimated 25 to 50 percent uplift that could be captured through upstream processing and finishing within Pakistan. This challenge is compounded by the absence of a robust system for certification and appraisal of gemstones. At present, certificates are issued and appraisals are made by trade associations who themselves are insufficiently capacitated for this job. All these lapses result in poor traceability across value chain and lower market acceptance.

Further, processing inefficiencies also undermine competitiveness. Outdated cutting and polishing tools, and limited access to good skills imparting programs, result in high material wastage and inconsistent quality. These inefficiencies reduce recovery rates, increase per unit costs, and erode commercial viability.

At cluster level, infrastructure gaps remain significant. This limits the ability of small and medium firms to achieve scale, and to integrate into formal value chains.

The development of domestic value addition industry is also constrained by restrictions on the import of rough gemstones. In contrast, Pakistan's peers, Thailand and India, have derived huge export benefits by processing imported rough stones.

Another critical weakness is the need for import of cutting, shaping and finishing equipment from abroad. The equipment is expensive. Import also requires foreign exchange which is not easy to access.

Together, the aforesaid barriers limit access to cheap raw materials, inhibit learning-by-doing, and prevent deeper integration into regional and global gemstone processing value chains.

2.2.3 Export Stage

Quite ironically, most exports from Pakistan are transacted through informal channels. The main reason for this is the inadequacy in the customs clearance and valuation procedures that leads to arbitrariness, inconsistency and delay. Under this situation and in the absence of minimum export price benchmarks, under-invoicing and under-valuation is rampant. This leads to significant losses in revenues and foreign exchange receipts.

Absence of a good temporary export and return regime is another significant problem that forces most exporters to rely on informal channels.

Finally, limited access to formal cross-border payment rails means that global payment platforms are largely unavailable, particularly for the small and emerging exporters, pushing transactions into ad-hoc foreign exchange receipts and informal remittance channels that weaken traceability, discourage banking sector participation, and constrain sector formalization.

2.3 Cross Cutting Challenges

The cross-cutting problems are primarily linked to: (a) lack of strong and continuous coordination between the federal and provincial governments; (b) lack of due focus on this sector; and (c) limited, old and archaic regulatory framework. It is viewed that these challenges are not insurmountable and can effectively be addressed through good policy design.

Specific cross-cutting problems are given in some detail in the following sections.

2.3.1 Regulations and Governance

Institutional fragmentation is a core constraint. From the constitutional perspective, mining and

mineral development fall within the jurisdiction of provincial governments, while exports, foreign exchange, customs, and trade policy are federal responsibilities. In the absence of a national lead agency that possesses suitable means to coordinate the work of disparate actors across the entire value chain, gaps, duplication, and weak accountability will continue to persist. The present lead national agency, the Pakistan Gems and Jewellery Development Company (PGJDC) lacks a clear legal mandate, sustainable financing, and a recognized nationwide remit, limiting its ability to set standards, enforce compliance, or to interface with provincial governments and federal agencies.

Pervasive informality is another major challenge. As mentioned earlier, formal channels account for less than 5% of the total trade. It is viewed that it mainly results due to coordination failures and regressive regulatory framework.

Pakistan does not yet have a credible certification regime, whereby authenticity, quality and thus value of a gemstone could be scientifically and independently assessed. Such a regime is critical for building domestic and foreign buyers trust and thus development of trade and bringing formality.

These challenges are compounded by the dearth of statistics and records on the size of the sector and its performance. Moreso, this information is collected and maintained by various entities at the provincial and federal level with no robust protocols for its sharing with each other. This hampers planning and informed decision making.

Further, traceability along the whole value chain is weak, leading to risks of value loss and exposure to money laundering and other perverse practices.

2.3.2 Finance and Banking

Access to formal finance is limited because banks are unwilling to lend in the absence of reliable collateral, transparent provenance, and good certification regime. These constraints are reinforced by restrictive foreign exchange rules and other regulations that do not adequately

support aggregated payment models or certificate backed export financing. As a result, a large share of export proceeds moves through informal channels, weakening the banking system, constraining credit, parking of foreign exchange outside Pakistan and increasing money laundering and tax avoidance risks.

2.3.3 Operational Capacity

Human capital gaps persist across the entire value chain. There is a shortage of trained appraisers, lapidary technicians, inspectors, miners, mining supervisors and valuers.

The more formal actors like banks, that are critical to increase formality, too have limited know how of gemstone business that leads to problems in accessing their services even in simple matters such as opening of letters of credit and financial instruments.

Absence of a capacitated lead agency at the national level that is wholly focused on sector development, leads to lack of capacity within the federal government to steer this important sector. As mentioned earlier, Pakistan's gemstone reserves are estimated to worth US\$ 450 billion.

2.4 Overcoming the Obstacles

Together, the aforesaid obstacles produce large value leakage, low levels of export, limited access to finance and weak investor confidence. Addressing these requires concerted efforts and a host of specific interventions that are described in detail at Chapters 4, 5 and 6.

It may be noted that the obstacles faced by gemstone sector in Pakistan are not unique. Hence, an effort was made to study comparative practices, a brief highlight of which is given at Chapter 3, to understand how Pakistan's peers have handled these problems and what has worked or not worked for them.

At the end, Chapter 7 provides an implementation framework for effecting these interventions in coordination with and through the assistance of provincial and regional governments and other stakeholders.

CHAPTER 3 COMPARATIVE PRACTICE

3.1 Learning from Peers

The problems faced by Pakistan's gemstone sector as given in the previous chapter are not unique. Hence it is important to understand what other states, especially Pakistan's peers, have done to overcome them. A good insight can be gained from policy and regulatory regimes adopted by India, Thailand, Sri Lanka and Myanmar. The case of Myanmar is important as unlike India and Thailand, it is endowed with considerable gemstone reserves and like Pakistan, their sector is presently undergoing substantial reforms. In addition, some inspiration can also be drawn from United Arab Emirates – which is a major trade hub – and African and South American states such as Mozambique, Zambia, South Africa and Columbia that produce some of the world's finest gems and diamonds.

Global gemstones trade carries several risks including those relating to money laundering, environmental degradation, safety, fair wages and rights violation. Therefore, the industry is under a strict scrutiny which is likely to further intensify in future. If Pakistani gemstones are to achieve a global recognition, it is essential that compliance

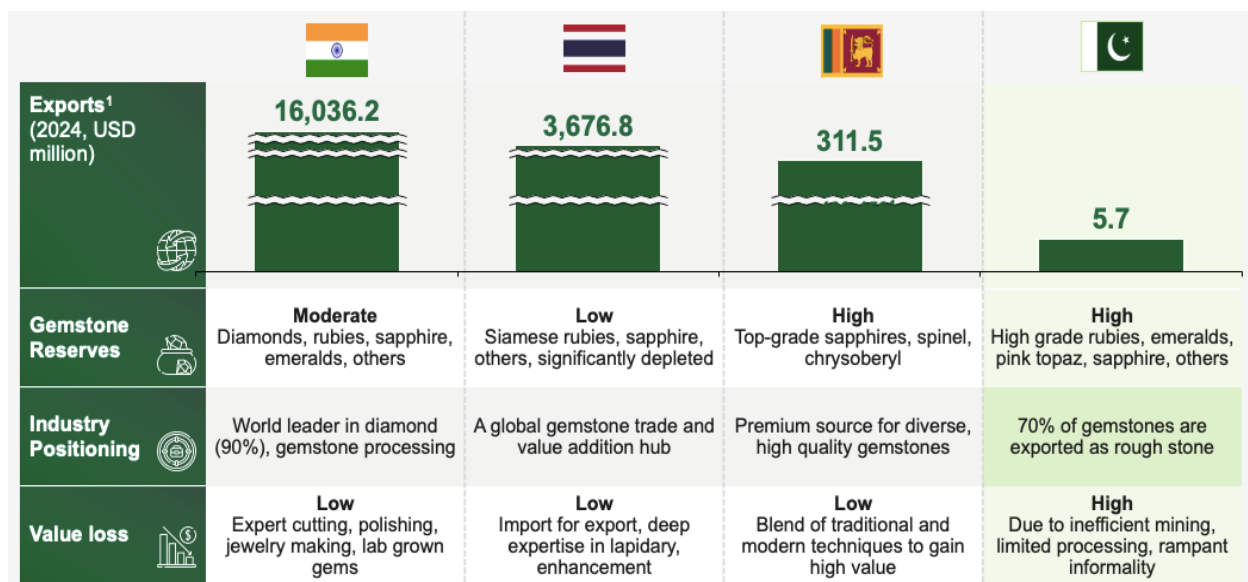
requirements are fully met across the value chain. Some of these requirements are given under the Kimberley Process, as well as good mining practices endorsed by Antwerp World Diamond Centre (AWDC) and the Responsible Jewellery Council. Further, simplified customs procedures under ATA Carnet regime are important for encouraging formalization and expansion of cross-border trade, lowering costs and improve supply chain reliability.

3.2 Highlights of Comparative Practice

As the Figure 2 below points out, despite a good natural endowment of high quality gemstone reserves, Pakistan's exports have remained abysmally low – only US\$ 5.78 Million in 2025. In contrast, India that has only a moderate reserve of mostly semi-precious stones, exported US\$ 16.25 Billion in 2024 alone. On the other hand, Thailand, whose gemstone reserves are now depleted, exported US\$ 3.49 billion in 2024.

To understand the reasons behind this difference in export performance, a short comparison of regulatory policies, incentive regimes, export

Figure 5: Gemstones Potential and Exports of Reginal Peers



procedures, branding efforts and institutional support mechanisms available in Pakistan, India, Thailand and Sri Lanka is given at Appendix 1I.

3.3 Key Considerations for Pakistan

One important highlight of the benchmarking is the need for addressing the challenges faced at every stage of the value chain—from mining to marketing—while balancing livelihoods, state revenue and sustainability. Following are the other key considerations that merit consideration in deciding the appropriate reform mix:

- (a) Formalization is important; it can start with the registration of miners, traders, cutters, and exporters in a national data base.
- (b) Value addition and beneficiation could be achieved by establishing an all new cluster such as the specialized industrial estate at Bangkok — Gemopolis that is spread over 25 hectares, hosts around 250 enterprises employing in excess of 20,000 skilled staff and contributed approximately US\$ 2.9 billion to Thailand’s gems and jewelry exports in 2024 — or helping existing organic clusters to re-organize on modern lines such as in the case of Jaipur India and Rathnapura Sri Lanka.
- (c) As a general principle, countries that are rich in reserves, encourage export of value-added gemstones. However, India and Thailand with low or no reserves, encourage import of rough gemstones for value addition and re-export.
- (d) Tax exemptions and rebates, as in the case of Thailand and Sri Lanka, and simplified GST and FDI policies, as in the case of India, have encouraged investment and strengthened exports. Pakistan’s current regime lacks comparable incentives, though it requires value addition.
- (e) Simple, business friendly customs procedures boost exports. Sri Lanka’s Gem Export Certificate and India’s electronic system reduce delays, bring fairness and efficiency. However, risk-based inspections could be made under prescribed circumstances to cater for the outliers.
- (f) Strengthening certification systems and traceability through accredited laboratories and digital tracking system removes reputational and money laundering risks.
- (g) Enforcing environmental and social responsibilities is very important for developing indigenous brand and access to high value markets. This could be achieved by enforcing rehabilitation plans, promoting safe mining practices and supporting alternative livelihoods for the communities effected by mining.
- (h) Branding and marketing is important to differentiate products and build trust. Sri Lanka’s “Ceylon Sapphires” and Jaipur’s global reputation are good examples.
- (i) Good coordination as well as transparency underpin success. Policies are coordinated through dedicated agencies (NGJA in Sri Lanka, GJEPC in India, and GIT in Thailand). Myanmar is moving towards establishing such an institution.
- (j) Promoting transparency and public reporting on license allocations, royalties and export revenues help build trust and attract responsible investment.
- (k) Finally, public investment in capacity building and research is crucial for sector growth.

CHAPTER 4

FORMALIZING THE VALUE CHAIN

4.1 Why Emphasize Formalization

This policy puts formalization as its most important priority for many reasons. Firstly, informality is mainly a result of policy and coordination failures that can be addressed relatively quickly and with minimum cost — low cost is a significant advantage in present situation of fiscal constraint. Secondly, formalization is critical to other important policy spin offs such as improved access to credit, and creating willingness among courier services to carry gemstones to export destinations. Thirdly, addressing informality will improve traceability, mitigate reputational and money laundering risks which in turn is likely to improve access to high value international markets and at the same time reduces value leakage thus benefiting for the domestic economy.

The specific policy actions to achieve formalization across the entire gemstones value chain are set out in the subsequent sections.

4.2 New Statutory Authority

Mining is a devolved subject. This calls for a stronger coordination and harmonization of procedures between an array of federal and provincial agencies whose responsibility extend to different yet inter-connected segments of the gemstone value chain. However, coordination remains a persistence challenge and thus sector governance remains fragmented. In general, there is a lack of clarity in the assignment of responsibilities. Stark examples are the responsibility for undertaking resource estimation, businesses registration, capacity building, implementing certification regime, and trade development. This fragmentation raises transaction cost for the businesses, undermines development and enforcement of standards, and makes implementing cross-cutting reforms difficult. It also translates into hazy, inconsistent procedures and unclear lines of accountability. There is also an absence of an effective, national

level interlocutor for long-term and continuous engagement between the government, foreign buyers and businesses which leaves policy gaps.

As illustrated in the preceding chapter, other states with a significant gemstones potential have addressed aforesaid problems by establishing a state agency that typically undertakes regulatory, sector development, inter-agency coordination and service delivery roles and represent sector's interests in the policy making circles. In several cases the agency also hosts buyer-facing facilities and export promotion functions that bring together certification, customs and banking desks and exhibition space, to link up potential buyers with exporters. A typical example is the National Gems and Jewelry Authority, which is providing licensing, business promotion, regulatory, laboratory and trade development services in Sri Lanka.

As its name implies, the PGJDC was established in 2007 to *inter alia* support the development of gemstone and jewelry business. The company supported the sector through awareness raising, imparting training to around 12,887 workers through its seven common facility centers at Karachi, Lahore, Peshawar, Quetta, Gilgit, Muzaffarabad and Sargodha; and assisting exporters' participation in more than thirty international fairs and exhibitions and organizing thirty-eight exhibitions locally. The assaying and hallmarking centers and gemstone identification laboratories of the PGJDC also contributed significantly towards the identification and certification of gemstones and authentication of purity of precious metals. However, its operations have practically ceased since 2019. Apart from funding and financial sustainability issues, the working of the PGJDC was also marred by its limited mandate — it did not extend to policy advice, business registration, standards setting, traceability and enforcement. Hence, in order to provide due focus to the sector, a new statutory authority will be established and existing PGJDC along with its staff and assets will be merged into it. The principal mandate of the new statutory

authority will be fostering development across the entire value chain including through capacity building, trade facilitation and continuation and extension of other works being undertaken by the PGJDC. It will also become the custodian of this policy. In addition, the authority will establish a system for registration of businesses, as well as for implementing accreditation and traceability across the value chain.

The authority will have a lean structure and its working will be overseen by a board of directors representing federal and provincial governments, industry and sector experts. The new statute will provide for constitution of advisory panels and export facilitation council comprising *inter alia* representatives from industry and experts to assist and advise the board on specific issues on permanent or as per need basis and to enhance exports. At the same time, it will be ensured that the authority collects sufficient revenues through services offered by it to fund its operations. However, it will nevertheless require funding from the federal government for capital investment and meeting its operational needs in the initial few years of its establishment.

4.3 Industrial Status for Gemstone Sector

The businesses working in the gemstone sector are not treated at par with a manufacturing business although in principle the ultimate objective and processes adopted by both are similar that is to say staged value addition. The federal government has so far declared ten sectors of the economy as “industry” i.e. the businesses working in those sectors are eligible to similar relaxed conditions for access to credit from banks as well as lower electricity and gas tariff rates as are allowed to a manufacturing business. One of these sectors is “gemstones”; however, this does not bring any clarity or has helped gemstone businesses. Therefore, the federal government will make a new, elaborate notification specifying that all businesses working at any stage of the gemstones value chain will be treated at par with a manufacturing business. Further, any such business that falls within the scope of a small, medium or micro enterprise will be eligible to

such lower tax rate as is determined by the federal government.

These measures are likely to encourage formalization, lower cost, improve profitability, encourage investment, and shift the economics in favour of domestic value addition.

4.4 National Warranty Office

It needs no further explanation that simple, consistent and fair customs clearance procedures are critical for export. However, the existing procedures leave much to be desired in at least two respects: (a) gemstones inspection and appraisal requires special skills and customs officers are neither trained nor equipped for this; and given this fact (b), there is no explicit procedure as to how fair inspections and appraisals shall be made. This leads to inconsistent and occasionally arbitrary treatment of export consignments at the hands of the dealing officers. This discourages export through formal channels. Absence of a robust inspection and appraisal mechanism has also been a major risk for couriers. Consequently, Ferrari, Brink’s, DHL and G4S that specialize in the delivery of high value consignments do not operate from Pakistan. The quality of courier services seriously impacts e-commerce which is the main stay of small-scale businesses and startups.

Given the special nature of gemstones, it is a common practice for many customs authorities to involve specialized agencies, scientific bodies or relevant trade associations in identification and valuation of gemstones. A good illustration is Sri Lanka where gemstone export is linked to inspection and valuation by their National Gems and Jewelry Authority (NGJA). Firstly, all exporters are required to register with the NGJA. Any registered exporter can then submit his gemstones to NGJA with usual customs declaration. NGJA valuers and customs appraisers examine the gemstones and allow sealed shipment to be transferred to air cargo terminal through a bonded carrier. The shipment could also be exported through couriers or hand carried by a foreign bound passenger. In the latter case, sealed shipment can later be collected from

a duty officer before boarding by showing receipt obtained earlier from NGJA. This allows foreign bound passenger to complete check-in and obtain boarding pass as a regular passenger.

A similar procedure will be adopted for Pakistan. The most critical part of the new procedure will be the National Warranty Office (NWO) that will work under the control of the proposed new statutory authority. Initially the NWO will establish its sub-offices at the four airports viz. Islamabad, Peshawar, Lahore and Karachi and sea and dry ports viz. Karachi and Peshawar to serve the existing gemstone trade clusters. The sub-offices at the ports will specifically cater for inspection and valuation of semi-precious stones such as nephrite, serpentine, jasper, agate and quartz that are exported in bulk.

All sub-offices will be jointly manned by qualified valuers from the proposed authority and customs appraisers as well as the officers from other relevant agencies such as Anti-Narcotics Force, Airport Security Force and the Pakistan Airport Authority for joint and video recorded inspections. Typical process will involve seven main steps that are given as under:

- (a) Registration — potential exporters register with the proposed authority;
- (b) Submission by exporter — registered exporter submits required documents electronically through PSW; each consignment receives a unique batch ID and is logged in the national registry;
- (c) Physical inspection and valuation — exporter or his authorized agent or courier, presents export consignment for joint inspection, consignment is photographed for record, as a general rule, the higher of the invoice value or minimum export price benchmark of the consigned stone determined in terms of later recommendation of this policy and section 25 of the Customs Act 1969 will be taken as the appraised value;
- (d) Laser inscribed verification — applied to all cut gemstones valued above a certain threshold to be determined by the proposed authority after consultation; this will capture individual signature of the prized

stones to limit disputes, as well as help in traceability and its return if required;

- (e) Sealing and secure handover — the consignment is sealed with tamper-evident packaging bearing the NWO seal and QR code; handed over to secure carrier for transport to commercial desk if it is to be hand carried; or transferred to air or port cargo if it is to be air lifted or shipped; or handed over to the courier selected by the exporter for shipment; a chain-of-custody is maintained in all cases.
- (f) Commercial desk services — established at aforementioned airports; in case of hand carry, exporter reports at the commercial desk staffed by Pakistan Customs after obtaining boarding pass and immigration, shows receipt, obtains sealed consignment and boards the aeroplane; and
- (g) Returns and temporary export handling — the NWO manages temporary export workflows and a return protocol so that samples, temporary shipments and returns could be re-imported without duties and taxes.

A slightly revised procedure will be adapted to serve the needs for large or unusual lots and batches of gemstones ensuring consistent and fair methodology for sampling and extrapolation.

In case of a dispute between the NWO and exporter on inspection, valuation or description of the gemstones, following two stage procedure will be adopted:

- (a) at the first stage, the matter will be referred to a panel of selected gemologists and valuers for re-inspection and valuation of the shipment;
- (b) however, if the dispute still persists, the matter will be referred to one or more internationally recognized gemologists, valuers or auction houses for final determination.

The National Warranty Office is likely to build buyers trust by guaranteeing provenance and quality. It will also reduce disputes. Banks and buyers will accept certified lots more readily, unlocking finance and larger orders. Overall, this

raises prices received, encourages investment in value-addition, and expand formal export volumes.

4.5 Minimum Export Price Benchmarks

By their very nature, gemstone prices are highly subjective and vary *inter alia* with their colour, clarity, cut, carat weight, rarity, origin and certification.

Historic customs data indicates abnormally high variation in the mean, highest and lowest valued export price with no established link to the quality of the gemstone. There is a risk that such variation could occur due to under-invoicing and opaque price discovery mechanisms. Additionally, all precious and semi-precious stones have been broadly categorized under one harmonized eight digit HS code i.e., 7103. This does not help in accurate reporting of granular level details of the gemstones exports. It also impacts data integrity which is important for informed decision making. Collectively, the two factors reward informality, increase disputes over shipment prices, and undermine any effort to scale certified, higher-value exports.

Several jurisdictions pair reference-price systems with registry data and market price statistics to provide a fair and credible benchmark for customs valuation and winning buyers' confidence. For instance, GJPEC, India regularly publishes trade reports that provide a basis for indicative price. Sri Lanka's NGJA uses origin-specific benchmarks for key gemstones such as Ceylon sapphires and also publishes statistics on per carat price of various gemstones such as sapphires, alexandrite and emeralds. Several international associations such as International Gems Society also provide information on reference prices for various gemstones for the convenience of buyers and sellers.

As part of this policy, a practical, evidence-led minimum export price framework will be established by the proposed authority in collaboration with Pakistan Customs and tied into the National Warranty Office. For this purpose,

reference price bands for the various types, sizes and quality of gemstones of interest will be worked out on the basis of their historic sale price data and international market feeds and published on half yearly basis. In order to ensure that this exercise is practical, fair and acceptable for all, a collegial body with representation from the authority, Pakistan Customs, industry and trade association will submit their recommendations on the price band to the authority for consideration. Thereafter the price bands will be adopted for valuation purpose.

Minimum export price benchmark framework will be strengthened with the adoption of ten or twelve digit Pakistan specific HS codes. These codes will be specified by the Pakistan Customs in collaboration with the proposed new authority.

Price benchmarking will help in reducing under invoicing and thus raise export values and forex earning for Pakistan. Clear price signaling will also encourage investment in quality, branding and scale.

4.6 National Businesses Registry

It is estimated that around 50% of the gemstone businesses are not registered at all. The remaining 50% are registered with various trade associations that have still not achieved widely acceptable global recognition. Therefore, this registration lacks credibility and formal recognition even within Pakistan. Low registration levels hamper traceability and poor compliances besides creating exposure to money laundering and terror financing risks. Further, it also prevents businesses from accessing credit and other banking services. Weak linkage between registration and possible benefits undermines incentives to formalize.

As a matter of comparative practice, export councils and national authorities often combine online registration with membership benefits to drive compliance. For instance, India's GJPEC issues Registration cum Membership Certificates (RCMC) that exporters use to access export incentives and trade facilitation. The process is largely digital and tied to documentary checks.

Industry portals and service providers also help applicants navigate documentation and renewals. Sri Lanka, on the other hand imposes a mandatory registration requirement with their NGJA. In the like manner, in Thailand, registration with Business Development Department (BDD) is compulsory and in case the business is engaged in manufacturing of jewelry, there is an additional requirement of obtaining a license from Ministry of Industries.

Pakistan will also develop a national registry of businesses involved in gemstones sector. For this purpose a simple online registration system will be run by the proposed authority. Every registered business will be allotted a unique Business Registration Number (BRN) and an identity card. Initially, registration will be voluntary but explicitly linked to benefits — priority access to the National Warranty Office, eligibility for grants from Export Development Fund (EDF) and cluster facilities, duty-free machinery import window, and access to dedicated banking desks — with a view to make formalization a commercially rational choice. The registry will feed data to Pakistan Customs, NWO and SBP to enable automated checks and reduce paperwork, while a simple renewal and grievance mechanism will keep the system responsive and fair.

National business registry will lower the cost and time to formalize firms, bringing more businesses into the legal economy. It will also provide a single, verifiable identity that banks and fin-techs can use for faster Know Your Customer (KYC) protocols for business support and lending, unlocking investment. Reliable registry data will also let the government to take informed decisions and plan interventions more effectively.

4.7 Strengthening Courier Services

Despite the importance of courier services for export through e-commerce, which is the main stay of small businesses and startups, there is a general reluctance among them to accept gemstone consignments. The main reasons for this are (a) ambiguous customs clearance procedures that risk delays and costs; and (b)

absence of a robust appraisal system to arrive at authenticity and true value of the consignment which could be insured or underwritten. Furthermore, couriers' internal procedures with respect to handling of gemstones need to be highly stringent to reduce risk of damage and loss for the consigner as well as the buyer. Presently, only two couriers viz. Pakistan Post and UPS ship gemstone consignment, with Pakistan Post enjoying the largest market share by far. However, services offered by Pakistan Post remain wanting. The main concerns relate to its connectivity with PSW system, real time tracking of consignments especially in the US which is a major export destination, and complaints of delays and losses.

This policy aims at encouraging and strengthening courier services to carry gemstone consignments from Pakistan. Much of couriers' concerns will be addressed with the introduction of new customs clearance and appraisal procedure under the NWO. In order to prescribe and affect minimum quality standards for courier services, the Ministry of Communication will set up a regulatory framework to help establish consigners and buyers trust.

Lastly, the proposed authority will make efforts to attract precious cargo couriers such as Ferrari, Brink's, DHL and G4S that currently do not operate in the Pakistan. This will not only put pressure on existing couriers to improve their services but also expand the range of options available for Pakistani exporters to choose from.

Strengthening gemstone courier services will reduce transit times, lower loss and damage risk, and increase buyer confidence by ensuring secure, trackable movement of consignments.

4.8 Return and Refund Framework

Gemstone export could either be permanent or temporary. Temporary exports are necessary for many reasons such as obtaining certification from abroad, supplying samples to potential buyers and exhibiting gemstones in trade fairs etc. However, exporters face several challenges in obtaining permission for temporary export. Further,

occasionally, even the consignments exported in usual course are returned by buyers. In both cases, the exporters face the risk of returned goods being treated as imports, triggering duties and taxes, delays and disputes that make formal business channels further unattractive.

Further, refund of export proceeds to buyers through banks is again a huge challenge. Delays in refund lead to reputational risk for exporters individually as well as for Pakistan's gemstone industry as a whole. From Pakistan Customs point of view, substitution risk on return is high especially when there is no trusted batch identity, while banks cannot process refunds without clear documentation. These frictions push sellers towards informal re-routing and cash settlements, perpetuating forex leakage and value loss.

The concerns relating to identification and substitution of returned gemstones will be taken care of by the NWO. Other challenges mainly stem from lack of a clear return and refund framework. Therefore, an explicit framework concerning (a) temporary export for inspection, display, certification and similar other purposes; (b) duty and tax free return on re-import of exported gemstones within a specified period; and (c) refund of export proceeds as well as any duty and tax will be developed and promulgated after due consultation. The highlights of the framework will be as under:

- (a) Export stage — NWO issues batch identity, certificate and sealed packaging; with details shared with Pakistan Customs and banks through PSW;
- (b) Return initiation — exporter or buyer notifies NWO; courier or hand-carrier presents batch and certificate at commercial desk at the airport or NWO return desk;
- (c) Inspection and verification — NWO inspects and verifies returned gemstones against export records; performs spot checks to confirm there is no substitution or run full re-test for flagged consignments;
- (d) Re-entry certificate — NWO issues re-entry certificate;

- (e) Authorized banks — accept NWO re-entry certificate and reconcile export proceeds and process refund; and
- (f) Duty and taxes refund — exporters reclaim any duty, sales tax and withholding tax on returned gemstones if reimport occurs within a specified duration.

The return procedure will be compliant with the WTO and GATT framework and prevent double duty on re-import after due verification. It will be ensured that the framework remains simple, transparent and non-discriminatory. It will primarily be based on electronic proof of return. Given the importance of the subject, the authority will run a dedicated return and refund cell to maintain record and to maintain requisite level of coordination with Pakistan Customs and Trade Development Authority of Pakistan (TDAP)

Adoption of return and refund framework will assist Pakistan's gemstone export, harmonize with international norms, and significantly improve exporter confidence. Thereby it will help in positioning Pakistan as a credible, transparent, and traceable gemstone supplier in global markets.

4.9 e-Commerce and Payment Gateways

The gemstone exporters face two persistent barriers to global e-commerce viz. absence in Pakistan of robust international payment systems — PayPal, Stripe, and Wise etc. — and global e-commerce platforms — Etsy, eBay, and Amazon etc. This pushes, them to operate indirectly through contacts or intermediaries that are based outside Pakistan. These intermediaries receive payments abroad, deduct a commission, and transfer the remaining proceeds informally to Pakistan. This practice results in loss of foreign exchange earnings, inaccurate export recording, and potential risk of money laundering.

Important aspects of the current legal structure governing gemstone exports and payments are: (a) gemstones are excluded from the ambit of SRO 14(I)/2021 that prescribes rules for e-commerce import and export directly from a business to consumer (B2C) up to the value of

US\$ 5,000 per consignment; (b) under Chapter 12 of the State Bank of Pakistan (SBP) Foreign Exchange Manual export proceeds are to be received through an Authorized Dealer and supported by an E-Form declaration; and (c) Payment Systems and Electronic Fund Transfers Act, 2007 that empowers SBP to regulate digital payment systems and cross-border fund transfers.

In order to rectify this situation, following interventions will be made by the respective agencies:

- (a) Ministry of Commerce and Federal Board of Revenue (FBR) will suitably amend SRO 14(I)/2021 to bring gemstones within the purview of e-commerce export scheme for consignments below US\$ 5,000, subject to valuation and certification by NWO;
- (b) The State Bank of Pakistan will consider introducing a Micro Export Payment Aggregator (MEPA) under the Payment Systems and Electronic Fund Transfers Act 2007, allowing banks and fin-techs to collect small export payments abroad and repatriate funds in bulk;
- (c) The State Bank of Pakistan will also consider permitting limited license Electronic Money Institutions (EMIs) such as Payoneer or Checkout.com to partner with banks or digital banks (SADAPAY and NayaPay) for export payments under their supervision;
- (d) The State Bank of Pakistan will consider allowing sole proprietors exporting gemstones to open freelance accounts for the receipt of their export proceeds under standard Know Your Customer (KYC) and documentation requirements bringing them at par with sole proprietors working in the IT sector.
- (e) Registration certificate issued by PGJDC and later the proposed authority, will be treated as valid proof of business activity for account opening and compliance purposes both for sole proprietors, Association of Persons, firms and companies;
- (f) In order to increase ease of doing business, State Bank of Pakistan will issue necessary

guidelines for the above purpose as well as to clarify procedure for opening of similar accounts by Association of Persons, firms and companies.

- (g) The State Bank of Pakistan will also take measures to ensure that aggregator receipts as well as receipts from an EMI – Remitly, Wise, Payoneer etc. into a freelance account or a Nayapay or Sadapay account are accepted as proof of payment for meeting Pakistan Customs and banks requirement that exports are to a legitimate entity and remittances are received against it;
- (h) The proposed authority will work with the Ministry of Commerce and FBR to develop a simplified digital Financial Instrument (FI) for shipments under US\$ 5,000 linked to PSW and aggregator data; and
- (i) PSW will link all exports data with payments to ensure traceability and to remove any risk of money laundering.

Opening e-commerce gateways and integrated payment systems will connect exporters directly to the global buyers, reduce transaction and intermediation costs, and enable instant, secure payments and escrow services that build buyers confidence. This will especially boost export by small exporters while allowing them to formalize their sales and grow.

4.10 Foreign Exchange, Banking Practices

Some of the main challenges identified by exporters during consultation were: (a) ambiguity as to whether gemstone export is linked to advance receipt of export proceeds; (b) low forex retention allowance; and (c) difficulties in accessing foreign exchange for import of equipment for local beneficiation etc. These challenges together block timely access to foreign currency, restrict equipment imports and make banks reluctant to finance value-addition.

In order to address these issues, Ministry of Industries & Production as well as the proposed authority will work with State Bank of Pakistan to bring following key improvements in their foreign exchange and other regulations:

- (a) Clearly de-linking gemstone exports from the requirement of advance receipt of export proceeds;
- (b) Enhancement of foreign exchange retention limit for gemstone from existing 10% to 30% by incorporating suitable changes in Chapter 12 of the FE Manual;
- (c) Present maximum one year period allowed for realization of gemstone export proceeds under clause 27 of Chapter 12 of the FE Manual will be increased to two years to provide allowance for seasonality of the mining business and long sales cycles;
- (d) Necessary measures to ensure availability of foreign exchange for import of machinery and equipment for local beneficiation and technology adoption along the whole value chain.

In order to encourage formalization, above concessions will be available to such gemstone businesses only that are registered with the proposed authority, export through NWO and transfer export proceeds through regular banking channels.

The consultations also highlighted problems with the practice adopted by commercial banks. It is viewed that this primarily results from lack of trained officers and absence of standard operating procedures on handling of gemstone related transactions. As a net result, foreign exchange account opening, trade financing and collateralization are either extremely slow or are simply denied.

Due to the special nature and requirements of gemstones business, commercial banks in Pakistan's regional peers — India, Thailand and Sri Lanka — maintain specialized desks in major trading hubs. The desks work closely with the national gem authorities which helps in streamlining documentation and risk assessment. Establishing similar desks in designated bank branches to serve clusters in Pakistan can at least assist in dealing with improving banking practice. These desks will be manned by bank officers who have received specific training in gemstone related transactions such as opening of financial instruments, foreign exchange management and

customs clearance matters. The Ministry of Industries & Production and proposed authority will work with the State Bank of Pakistan and Pakistan Banks Association to implement this reform. Likewise, a set of standard operating procedure for the banks for handling gemstones related transactions will be developed with a view to bring fairness, clarity and predictability for businesses.

On the issue of financing, banks have concerns due to the overwhelming informal nature of gemstones business — most mining, cutting, polishing, and trading activities are presently undocumented and transactions are mostly cash-based with minimum invoice records. Furthermore, a large number of businesses are unregistered and hence remain outside the formal oversight frameworks. In addition, valuation risks are another major impediment to financing. These issues are likely to be addressed with the registration of businesses, establishment of NWO and the accompanying valuation and certification systems as well as other policy measures suggested under this policy to promote formalization. It is hoped that, with the lessening of these risks, banks will avail the opportunity offered by this sector.

Further, the Ministry of Industries & Production and the proposed authority will work with SBP and Pakistan Banks Association on the following additional reform measures:

- (a) Incentivizing digital payments for trade settlements through Raast, mobile wallets, or bank transfers to create an auditable trail and reduce cash dependency;
- (b) Developing a “Simplified Due Diligence Template” for small gemstone traders, integrating NADRA verification and proposed authority's registration data;
- (c) Conducting joint training sessions for bankers and gemstone businesses on anti-money laundering red flags and compliance obligations;
- (d) Procedure for making any valuation done by gemologists accredited by the proposed authority and endorsed by the SBP to be acceptable by the banks for advancing credit;

- (e) Suitably amending Financial Institutions (Recovery of Finances) Ordinance to explicitly include gemstones as acceptable collateral under certified valuation;
- (f) Piloting cluster financing models in selected clusters and mining hubs with pooled guarantees and group lending mechanisms; and
- (g) Developing and promoting lease finance products for machinery required for mining operations and beneficiation through commercial and Islamic banks.

Clearer foreign-exchange regulations and improved banking practices will speed up and simplify cross-border payments, reduce delays and compliance friction, making it easier for gemstone exporters to repatriate earnings through formal channels and improve access to credit, all of which are important for growth and increased exports.

4.11 Integrated e-Commerce Portal

In order to facilitate e-commerce, the proposed authority will develop an e-commerce portal that will be integrated with Pakistan Customs, NWO and banks. This will be in addition to the interventions aimed at opening international e-commerce gateways as mentioned at section 4.9.

4.12 Safe use and Supply of Explosives

Many small miners rely on improvised blasting due to convenience and quick results. However, it results in high wastage. This wastage is to the country's national endowment, not merely to the produce of mine owner. Nevertheless, due to a host of reasons, it is not possible to switch to alternate mining methods in a short time. Under this situation, the mining operations suffer when explosive supply is denied citing security reasons.

In order to meet the twin challenge of lowering wastage and ensuring uninterrupted supply of explosives at least in the short term, Ministry of Industries & Production and the proposed authority will work to implement following reform measures:

- (a) Develop a framework for the supply of explosives in controlled quantities while balancing associated security concerns in consultation with the Ministry of Interior, provincial governments and the relevant security agencies;
- (b) Running training and skills imparting programs for miners in the controlled use of explosives;
- (c) Raising awareness on the use of alternate and sustainable mining methods to reduce use of explosives and save production losses.

Together, these measures will significantly strengthen the gemstone sector by improving safety, efficiency, and value retention across the mining chain. Controlled and transparent access to explosives will reduce informal practices and security risks, enabling compliant gemstone mining operations to function without disruption. Training in the safe and precise use of explosives will minimize breakage and wastage of high-value stones, improving recovery and quality. Increased awareness of alternative and sustainable mining methods will further reduce production losses, support selective extraction, and promote responsible mining—ultimately enhancing export value, sector credibility, and long-term sustainability of the gemstone industry.

4.13 Import of Gemstones for Processing

Historically, gemstones from Afghanistan and even Central Asia have been arriving in Pakistan, especially Namak Mandi, Peshawar for trade and beneficiation. However, this trade is largely informal. Pakistan's peers, India and Thailand heavily rely on imported rough gemstones for their export earnings. Likewise, Sri Lanka is also taking measures to open up import of rough stones for value addition and export to enhance their earnings.

It is therefore imperative that import of rough gemstones is formalized in Pakistan also. However, the main impediment to the formal trade is the old clause 16 in Chapter 18 of the FE Manual that stipulates that import of gemstones

can only be made against equal value of export of gemstones. Further, imported gemstones are presently subject to 18% General Sales Tax and 6% Customs Duty.

Accordingly, Ministry of Industries & Production and the proposed authority will work to implement the following reforms:

- (a) Incorporating changes in the FE Manual in consultation with the SBP to ease formal import of gemstones for value addition;
- (b) Taking steps that gemstones beneficiation business becomes eligible for the benefits of the Export Facilitation Scheme under SRO 957(I)/2021; and
- (c) Reduction of Sales Tax on the import of gemstones except diamonds to 1% and Customs Duty to zero considering that imported gemstones will primarily be used as raw material for value addition.

As in case of other incentives, the aforesaid two incentives will also be available to only such businesses that are registered with the proposed authority, export gemstones through NWO and transfer export proceeds through regular banking channel.

4.14 Enforcement Measures

Hand in hand with the incentives for formalizing exports, appropriate measures will be taken to strengthen enforcement to curb smuggling and transfer of money through informal channels.

The most important area of concern is the cross-border smuggling. The main responsibility in this regard shall rest with Pakistan Customs and other law enforcement agencies. However, it will be important to enhance surveillance at the airports, dry ports, particularly the Peshawar dry port, and the seaports. This may include installation of appropriate scanning equipment by the relevant agencies and amendments in the relevant laws to enhance punitive action against delinquents. Ministry of Industries & Production and the proposed authority will coordinate the effort in this regard.

In addition, the proposed authority will undertake a comprehensive awareness campaign, and initiate a series of consultation and training sessions to highlight the advantages which firms could derive from formalization.

CHAPTER 5 INDUCING GROWTH

5.1 Building on Formalization Effort

Formalization is only the first step; in order to translate Pakistan's gemstone potential into sustained jobs, exports and higher incomes, the policy intends to work actively to induce growth and capture value. This requires moving beyond raw export and building beneficiation capacity, modernize mining operations, and for this expand access to finance, and create market facing infrastructure so that more of the value chain — cutting, polishing, certification, branding and retail — occurs inside Pakistan. Doing so will reduce wastage, raise export earnings, attract investment, and create resilient clusters where skills, technology and market linkages reinforce one another, turning a one-off resource advantage into a durable competitive position.

Specific policy actions to induce growth and creating values are set out in the following sections.

5.2 Improved Mining Policy

In Pakistan, mining is constitutionally a provincial subject; however, in view of importance of this sector federal government will play coordinating role to support national objectives of formalization, higher productivity, lowering wastage and improved compliances at the mining stage. An important step in this regard will be linking mining laws and policy to these higher objectives. For this purpose, Ministry of Industries & Production along with the Petroleum Division will work to develop aligned policy frameworks, common standards, and model rules covering licensing principles, certification, traceability, and environmental and social safeguards.

Quite in contrast to the case of Khyber Pakhtunkhwa and Azad Jammu & Kashmir, many gemstone mines in Gilgit-Baltistan region are run by local communities. These are mostly artisanal and small-scale mines where local, often

informal groups, manage resources based on local customary law and share benefits. In some cases the benefits are also shared with the villagers and larger communities. These customary practices often run in conflict with formal regulations. As the customary practice is not legally recognized, local communities do not risk investments for up-scaling. For the same reason, they are also apprehensive of outsiders' intentions and most reform interventions introduced by the state are taken by them as a ploy to undermine their control on the resource.

The tension between customary and formal practices and titles on the use of resources is not unique to Pakistan. Different solutions have worked in different jurisdictions. For example, Canada has seen an increase in co-ownership and benefit sharing agreements, however, in Nunavut region, indigenous people enjoy full ownership of their rights according to their traditional practices. In case of Australia, Native Title Act recognizes traditional rights of natives. South African legal system mandates consultation and consent requirement. Practice in Latin America varies, from consent requirement, to the powers vested in the state to allow easements, though in some states such as Bolivia and Brazil, easements are not allowed.

To end this tension, it is important to give a legal recognition to the customary mining practices and several options to achieve this have been highlighted above. In this regard, Ministry of Industries & Production and the proposed authority will work with the Petroleum Division and Government of Gilgit Baltistan to build a consensus and resolve this matter.

5.3 Mining Machinery Rental Pool

Most of the miners in Pakistan are working at a very small scale and lack means to acquire modern mining equipment. This forces them to use inefficient and unsafe extraction methods that cause high wastage and low recovery rates. High

capital cost and limited maintenance capacity mean mechanization is concentrated among a few large operators only. This raises production costs, increases environmental and safety risks, and reduces the volume and quality of stones reaching the value-addition stage.

Shared machinery pools maintained by state agencies, or cooperatives and even private companies is a common practice the world over. The main utility of these machinery pools is twofold: (a) it lowers entry barriers for small scale miners; and (b) it improves production and extraction efficiency without the need for a high capital investment. The pooled machinery can be obtained on rental basis. A wholly government owned company Pakistan Stone Development Company (PASDEC) is providing similar services for miners extracting dimensional stones since 2006 and this intervention has greatly helped in the introduction of planned and efficient extraction of granite and marble in Pakistan.

In view of these potential advantages, the new proposed authority will maintain a pool of machinery that will be available to interested miners on rental basis against a simple yet robust and transparent booking criteria. The selection of right kind of machinery will depend upon the targeted stones and relevant operating conditions. It is recognized that the mines situated at higher altitude and inaccessible through roads will require special, easily portable equipment. To start with, the authority will establish three machinery pools at Gilgit-Baltistan, Azad Jammu & Kashmir and Khyber Pakhtunkhwa. The cost of the establishment of machinery pool will be borne by the federal government.

In the interest of incentivizing formalization, only those miners that are registered with the proposed authority will be allowed access to rental machinery pool.

5.4 Fiscal Incentives

To accelerate private investment and raise productivity across the gemstone value chain, the policy introduces a targeted package of fiscal incentives designed to lower the cost of

modernization and to reward documented, high-value exports. These measures—ranging from accelerated depreciation for eligible extraction and lapidary equipment to time-bound tax credits and reduced withholding rates—are calibrated to improve cash flow for firms, reduce material wastage, and make capital-intensive upgrades financially viable. The background for these incentives is important and is reiterated here viz. (a) formal exports reflect only a small portion of the actual exports mainly because gemstones are small and can be smuggled conveniently; (b) tax and duties earned from export and import of gemstones is negligible, hence effectively there is no revenue loss due; (c) similar incentives are available to other sectors of the economy due to their importance especially in relation to export potential. Additionally, these incentives will be available to only those persons, association of persons and firms that are registered with the proposed authority and carryout their business through formal channels.

The success of these fiscal incentives will be monitored through clear performance indicators—investment uptake, reductions in wastage, increases in documented exports and formal employment—and as needed adjustments will be made to ensure fiscal prudence and measurable impact.

5.4.1 Accelerated Depreciation

Any eligible assets raised after June, 2026 shall qualify for accelerated depreciation. The type of assets that would be eligible for accelerated depreciation and related conditions to prevent any misuse of this incentive will be worked by the proposed authority in consultation with FBR.

5.4.2 Reduced Rate of With Holding Tax

In terms of section 153 of the Income Tax Ordinance, 2001, a reduced With Holding Tax (WHT) rate of 0.25% shall apply on local purchase of rough gemstones from miners and importers of gemstones by persons, association of persons, firms and companies including single member companies registered with the proposed

authority.

Similarly, under section 154 of the Income Tax Ordinance, 2001, a reduced WHT of 0.25% shall apply on persons, association of persons, firms and companies including single member companies subject if they:

- (a) are registered with the proposed authority;
- (b) export gemstones using NWO framework; and
- (c) remit 80% of their export earnings to Pakistan through normal banking channels.

The above tax deductible shall be a final tax on the income of the supplier and exporter as the case may be.

5.4.3 Ease in Import of Equipment etc.

Machinery, equipment materials, specialized vehicles, accessories, parts, spares, chemicals and consumables as are not manufactured locally, imported by persons, association of persons and firms and their contractors for the purpose of gemstones mining, establishment of lapidaries and gemological laboratories, exhibition centers and other related purposes as certified or approved by the proposed authority shall be exempt from customs duty.

5.5 Establishment of Demonstration Mines

Miners in Pakistan lack visible, replicable examples of safe, efficient and compliant mining practices. Hence poor techniques, high wastage and weak chain-of-custody protocols persist.

Several countries including Sri Lanka and Mozambique directly support establishment of demonstration mines that combine hands-on training, on-site testing of equipment and protocols, and community engagement to show practical benefits. These sites are used to pilot mechanized workflows, safety standards, and chain-of-custody procedures while producing data on yields and costs that inform policy and encourage adoption by other miners.

Under this policy, the proposed authority will establish demonstration mines in partnership with willing miners who will be selected through an open and competitive process. The cost involved will be borne by the federal government.

The demonstration mines will showcase better practices relating to exploration, extraction and value addition. Equal emphasis will be laid on the mine management systems, workers safety, good labour practices, logistics, environment and skills development.

5.6 Extended Geological Survey

Current geological information on gemstones reserves is old, scanty and uneven. Hence the exploration costs remain high and many gem bearing areas are likely to have been left out or under mapped. This uncertainty drives speculative, low-yield mining and limits the ability for value-addition investments. The issue is further exacerbated due to lack of funding for the Geological Survey of Pakistan (GSP) which is the prime agency for this work.

Nevertheless, **GSP** has already initiated accelerated gemstone resource mapping across 1,488 Km² area of Gilgit-Baltistan which has further been split into seven blocks known for their geological setting and mining significance. The work is likely to be complete by June, 2026. GSP is also implementing another project to digitize and publish its technical data and geological maps through an online portal by June 2026. GSP digitalization will be synchronized with the National Mineral Data Center being developed by the Petroleum Division. However, systematic mapping has not yet been initiated in Khyber Pakhtunkhwa and Azad Jammu & Kashmir.

The two principal impediments being faced in Gilgit-Baltistan are: (a) resistance from local communities, which at times restrict access to the prospective areas, and (b) unpredictable and harsh weather conditions, particularly during winter, which significantly limit fieldwork season and disrupt continuity of mapping activities. To address these issues, resolution of tension

between formal and traditional mining rights has already been suggested at section 5.2.

5.7 Capacity Building

The sector lags behind in both knowledge and technology to undertake value addition. To fill this gap, PGJDC established seven skill imparting centers at Karachi, Lahore, Peshawar, Quetta, Gilgit, Muzaffarabad and Sargodha. However, on account of financial constraints, only four of these centers are now operational. The proposed authority will take over these centers and operationalize and expand their services.

To enhance the capacity of PGJDC's existing facilities, a comprehensive modernization and skill development approach will be followed. Upgrading infrastructure and equipment would be the first step, with investment in advanced cutting, polishing, and lapidary machinery, as well as modern classrooms and digital tools for gemstone grading. The available gemological laboratory facilities will be expanded to include modern advanced gem testing and certification machinery, enabling trainees to gain hands-on experience in quality control and international standards.

Equal emphasis will be laid on updating curricula and training modules. Courses would reflect global best practices, advanced techniques, and ethical sourcing standards, including specialized modules in appraisal, valuation, and certification. Collaborations with international gemological institutions will be sought to provide exposure on cutting-edge methods, faculty exchanges, and globally recognized certifications. Faculty development would focus on modern techniques, international grading standards, and contemporary teaching methods to ensure high quality instruction.

Industry linkages will also be strengthened which will help bridge training with real world application. Partnerships with local and international gemstone businesses, exporters, and artisan networks would provide internships, apprenticeships, and practical exposure to production and market requirement

5.8 Census of Gemstone Sector

Pakistan's gemstone sector remains largely undocumented, with limited reliable data on production volumes, mines, workforce, and exports. Much of the mining activity is artisanal or small-scale and operates outside formal reporting channels, creating gaps between the sector's true potential and officially recorded output. This lack of comprehensive statistics hampers evidence-based policymaking, investment planning, and the ability to promote Pakistan's gemstones internationally.

Above situation underlines the importance and urgency of a national gemstone census through the Pakistan Bureau of Statistics (PBS) in coordination with the proposed authority and other federal and provincial stakeholders. The census will provide accurate information on mineral resources, mining operations, workforce, and value chains. The data will support better policy formulation, infrastructure development, skills enhancement, access to finance, and export facilitation, ultimately strengthening governance and helping Pakistan fully realize the economic and export potential of its gemstone sector.

5.9 Resolution of Local Disputes

Most gemstone mines are located in relatively inaccessible areas with weak state controls. Therefore, disputes around mines ownership and resource control are not uncommon. Absence or poor state of ownership record further augments this situation. The proposed authority will work with the respective provincial governments and law enforcement agencies to resolve these disputes prioritizing those involving the highest value.

It is expected that these priority disputes can be resolved with a whole of the government approach. The precedent set through this effort will increase investors trust and open opportunities for greater investment.

CHAPTER 6

ACHIEVING GLOBAL RECOGNITION

6.1 Building Pakistani Gemstone Brand

Formalization and growth will bring Pakistan to a stage where its gemstones can claim their rightful name and prominence in the world market. Some of the gemstones such as Sannan Skarn and K2 Jasper solely originate from Pakistan, while Swat emeralds, Kashmir rubies, Kohistan peridot and Katlang pink topaz compete with the highest quality gemstones in the world. By combining geological exclusivity, high quality, domestic beneficiation, transparency and branding, Pakistan will position its stones as high value, uniquely Pakistani brand.

Following policy actions are set out to achieve global recognition and capturing the due share of Pakistani gemstones in the global markets.

6.1 Integrated Marketing Strategy

As of now, Pakistan does not have a unified, long-term country brand strategy, leading to weak and fragmented messaging across the industry and markets. The result is that despite a rich endowment of precious and semi-precious stones, there is only a little awareness on this globally. Owing to their small scale, Pakistani gemstone brands underinvest in branding and storytelling aligned with buyers' expectations. Most of the stones are exported raw, with a minimal focus on branded, finished products that command premium prices. No serious effort on this front has been made at the government level. This does not help in promoting country-of-origin exposure or building buyers trust as compared to the competing stones from other sources. This has led to a missed opportunity to building upon a vast untapped potential.

Pakistan's peers such as India, Thailand and Sri Lanka promote their gemstones through a well thought out branding strategy focusing on strong story-telling, aggressive marketing and global partnerships. A significant instrument in this regard are the periodical signature international

gems and jewelry shows. Here, local brands find an opportunity to display their gemstone products to discerning international audience. The linkages developed during these shows pave the way for future export orders as well as developing a softer national image.

In order to rightly position Pakistan, the Ministry of Industries and the proposed authority will develop and implement a comprehensive branding strategy. This strategy will include plans for signature international gemstone exhibitions with the support from Trade Development Authority of Pakistan (TDAP). Additionally, domestic gemstone brands will be facilitated to participate in important international fairs and exhibitions.

6.2 Intellectual Property Rights

Several of Pakistan's gemstones — including Gilgit-Baltistan aquamarine, Katlang topas, Swat emerald, and Kashmir rubies — are among the finest in their category. However, as Pakistan does not have Intellectual Property (IP) protection and origin certification, the stones are vulnerable for being traded under identity and brand of other countries and related value loss.

The proposed authority will accordingly take measures to identify and qualify gemstones for Geographic Indication (GI) registration. It will also file and obtain trademarks with key international authorities viz. World Intellectual Property Organization (WIPO) and the EU GI System and thereafter record IP with key international customs organizations and industry bodies. It will also endeavor to raise international awareness on this matter.

6.3 National Gemstone Center

The gemstone trade is a high-end fashion business. Hence the ambiance and aesthetics of the business place is of critical importance.

However, most organic clusters hardly meet this criterion. For this reason, aesthetically conceived specialized gemstone industrial clusters are becoming a common place. Two important illustrations are the Gemopolis at Bangkok, Thailand and Hira Bourse Gujrat, India. The Gemopolis is spread over 25 hectares, hosts around 250 businesses including those involved in cutting, evaluation, certification and trade from across 29 countries. It contributed around US\$ 2.9 billion to Thailand's exports in 2024 alone. Hira Bourse is an even bigger project, spreading over 100 hectares. It is claimed to be one of the largest diamond trade centers in the world. Moreover, cities such as Jaipur, Chanthaburi and Antwerp have in themselves turned into giant processing and trading zones with a very high turnover.

A view of Gemopolis, Bangkok, Thailand



There is a need to build a similar, though smaller, center at Islamabad through the proposed authority. Like its peers, the center will house gemstone traders, cutters, certifiers and valuers. It will also provide a one stop interface with the banks, customs, TDAP and the proposed authority for the ease of doing business. It will also host regular buyers missions, trade events and exhibitions to introduce and build demand for Pakistani gemstones.

6.4 Implementing Certification Regime

A gemstone certificate, is an official report issued by a recognized gemological laboratory

providing a detailed analysis of a gemstone's attributes, including its type, weight, clarity, cut, and any treatment it may have undergone, offering an assurance on its authenticity and quality. It does not need further explanation that without a good certification regime it is impossible to build buyers confidence, combat fraud and unethical sourcing. Ironically, this an area where Pakistan lacks significantly.

Unlike Pakistan, gemstone identification and certification has been one of primary area of focus of our peers. They have either achieved global recognition by building their own certification systems or affiliating themselves with renowned global certification systems such as Gemological Institute of America (GIA), Gems and Jewelry Institute of Thailand (GIT) and Gemological Research Switzerland (GRS). These international laboratories have setup their collection units in different countries for easy accessibility of the gemstone traders to quality services.

The proposed statutory authority will establish a credible gemstones identification and certification regime for Pakistan. This may involve establishing a robust legal framework, setting up or partnering with accredited gemological laboratories for testing and grading, raising awareness and building industry capacity. In this regard, gemstone identification and certification laboratories initially setup by PGJDC in Karachi, Lahore, Peshawar, Quetta, Gilgit, Muzaffarabad and Sargodha could be revitalized with the addition of better equipment. PGJDC already has qualified gemologists trained from Gems and Jewelry Institute of Thailand (GIT) and Asian Institute of Gemological Sciences (AIGS) who can run these laboratories initially. Efforts will be made to affiliate these laboratories with an international accreditor such as GIA, GIT, or GRS. This will further increase acceptability of Pakistani gemstone in the international markets and fetch higher price.

6.5 Ethical and Sustainable Mining

There are rising environmental, social, ethical and political concerns around mining, processing and distribution of gemstones, as well as their use

in the finished goods. Therefore, it is essential that Pakistan gradually moves to ethical and sustainable gemstone mining practices. These practices basically require: (a) fair labor practices viz. no child labor, safe working conditions and fair wages; (b) minimal environmental damage including those pertaining to reforestation and rehabilitation; (c) community empowerment; and (d) transparent supply chains i.e., moving away from conflict financing and destructive practices.

The proposed authority will work with the gemstones industry and provincial governments on promoting ethical and sustainable mining practices. This will require awareness raising, building or adopting testable standards, developing guidelines for their implementation, imparting trainings and building capacities within the gemstone industry, measuring and reporting against standards

6.6 Industrial Innovation

The gemstone sector is evolving fast led by technology advancement. One of the main highlight of this trend is the increased demand for

laboratory grown diamonds. Therefore, the policy envisages establishment of an innovation fund to finance technology adoption, laboratory upgrades, and product development to raise yield, quality, and export competitiveness.

This fund will be structured as a matched-funding facility with a proposed budget of ~PKR 1,000 million with clear eligibility tied to formal registration, licensing, and measurable commercial outcomes. Priority uses include modern mining and cutting equipment, gemological laboratory upgrades, traceability and digital platforms, and commercialization of innovative products such as laboratory grown gems. The proposed authority will prepare comprehensive and transparent criteria for access to the fund that will be based on best local and international benchmarks. The criteria will, among other things, include co-funding, compliance and performance for results requirements.

CHAPTER 7 IMPLEMENTATION FRAMEWORK

7.1 National Action Plan

Due to the extensive scope of this policy that is spread across multiple federal and provincial agencies and businesses situated across Pakistan, its success will depend upon how far a whole of the government approach could be mustered quickly and maintained throughout the next five years. In order to coordinate their effort and to clearly delineate responsibility for achieving envisaged policy objectives, outcomes and targets, a matrix indicating a time bound action plan for each agency is given at Appendix III to this policy.

It is expected that each agency will complete its respective work while adhering to the timelines indicating in this plan. A steering committee constituted under section 7.2 may however, in view of the appertaining circumstances suitably adjust any timeline if it deems fit to do so. Further the steering committee will be at liberty to add any other action in the National Action Plan that it considers necessary for the development of the gemstone sector at any stage.

All relevant agencies shall submit quarterly progress reports to the Ministry of Industries & Production which will act as the focal Ministry for the implementation of the policy and the National Action Plan.

Tentative budget requirement for implementing the policy is given at Appendix IV.

7.2 Policy Ownership, Reporting Success

The overall responsibility for achieving policy objectives shall rest with a steering committee. This committee will be chaired by the Minister for Industries & Production, or as directed by him by the Special Assistant to Prime Minister on Industries & Production. The other members of the committee shall be (a) federal ministers for Finance, Energy (Petroleum Division) and Communication; (b) Secretaries of these

Ministries and Divisions; (c) Chief Collector, Airports; (d) Secretaries of the departments dealing with mines and minerals from the governments of Khyber Pakhtunkhawa, Gilgit Baltistan and Azad Jammu & Kashmir; (d) Chief Executive Officer of the PGJDC and later the proposed statutory authority; (e) Director General of the GSP; (f) Managing Director of the Pakistan Mineral Development Cooperation (PMDC); (g) Chairperson TDAP; (h) one director of the PGJDC well conversant with the gemstone sector; and (i) at least two representatives from the industry. The chairperson shall be at liberty to coopt any other person in the committee either permanently or for holding discussion or seeking advice on a specific issue. Further, Secretary, Ministry of Industries & Production shall also work as the Secretary of the committee. The committee may constitute one or more sub-committees and working groups to assist it in the implementation of National Action Plan. It may also constitute panels of experts to seek advice on a matter of interest.

In the first six months after approval of the policy, the steering committee will meet at least once each month. Thereafter, the steering committee will meet at least once on a quarterly basis. The working groups will report progress on policy outcomes and targets *inter alia* against the indicators given in the implementation matrix listed at Appendix II to the steering committee on monthly basis in the first six months of the promulgation of the policy and on quarterly basis thereafter. The steering committee will in turn report progress to the Prime Minister at least on a half yearly basis.

comprehensive campaign, including consultations, workshops, and training sessions, shall be conducted prior to its enforcement and implementation to ensure clarity, preparedness, and smooth compliance.

Furthermore, a grace period of six (06) months shall be allowed from the date of notification to

facilitate transition, capacity building, and effective adoption of the Policy.

7.3 Continuous Review and Correction

Due to the complex nature of the problems, spread of the sector and the number of actors involved, the policy will undergo regular reviews to ensure that its objectives and implementation plan remains abreast with the evolving situation and any gaps or barriers that arise during implementation are comprehensively addressed. In that, three comprehensive reviews will be conducted. The first review will be carried out at the end of first six months after the promulgation of the policy. Next two reviews will be carried out in mid 2028 and 2030. Following each review, a comprehensive report will be submitted to the Federal Cabinet for their information and if required any approval.

7.4 Supplementary Measures

After the promulgation of the policy, a set of supplemental documents will be developed to address critical areas and facilitate effective implementation. These documents will focus on key verticals that complement the policy framework and provide clarity on associated regulations and standards. Most important of these documents are as under.—

- (a) One or more Statutory Regulatory Order(s) to implement the proposed policy actions;
- (b) Gemstones return and refund framework including unsold items and items returned after exhibitions;
- (c) Framework for establishment and working of the National Warranty Office including its alignment with logistics and customs procedures;
- (d) Framework for the safe use of explosive for gemstone mining;
- (e) Framework for registration of gemstone businesses;

- (f) Framework for Minimum Export Price Benchmarking with gemstone-specific HS sub-codes;
- (g) Framework for conducting extensive geological mapping and resource estimation in priority gemstone belts;
- (h) Framework for adopting internationally accredited certification systems such as GIA, GIT, GRS, IGI;
- (i) Revisions in SBPFE Regulations concerning FX retention, advance payment rules, export realization period, equipment imports etc;
- (j) Framework for enabling payment aggregation and e-commerce gateways;
- (k) Reforms for provincial mining policies and their alignment with national gemstone framework; and
- (l) Gemstone Branding Strategy for promotion of Pakistani brands in international markets.

Appendix I
Tentative Policy Targets 2026-2030

Target		Unit	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Growth in Gemstone Exports		Million US\$	10	35	155	350	650	1200
E-Commerce Platform Developed by the Authority	Transaction Executed	Numbers	-	62400	124800	218400	312000	717600
	Value of Transactions	Million US\$	-	0.6	1.2	2.2	3.1	7.1
Exhibitions Facilitated by the Authority	Businesses participation in international exhibitions	Number	40	60	80	100	120	400
	Business participation in domestic exhibitions	Number	200	250	300	350	400	1500
Workforce Development		Number	-	1300	1400	1500	1600	6400
Model Mechanized Mines Developed by Sector through Demonstration		Number	-	-	5	10	10	25
Miners Facilitated through Mining Machinery Pools		Number	-	500	1000	1000	1000	3500
Certification Regime	International certification entities working in Pakistan	Number	-	1	-	1	1	3
	Local certification entities in Pakistan	Number	-	1	1	1	1	4

Appendix II

Overview of Policy Measures Adopted by Pakistan's Regional Peers

Country	Regulatory framework and licensing	Fiscal regime and incentives	Export procedures and valuation	Value addition and beneficiation	Branding and marketing	Institutional support
Pakistan 	Mining governed by provincial laws; coordination among federal and provincial agencies is weak. many operations are unlicensed and informal. There is no central gemstone policy yet.	Taxes and duties apply, no VAT exemptions. Limited incentives for investment.	Cumbersome customs procedures; no clear guidelines for valuing temporary exports; ATA Carnet not yet operational.	Cottage-scale cutting and polishing using outdated machinery and low skills. Limited domestic beneficiation: rough stone exports are common.	Lacks a national brand; marketing is ad-hoc mainly through TDAP	Pakistan Gems & Jewelry Development Company (PGJDC) provides training, lapidary services, and organizes exhibitions. However, its operations have been limited due to lack of funding.
India 	National policies allow 100 % FDI in gems and jewelry. Licensing is streamlined through the Gems & Jewelry Export Council (GJEPC) of Ministry of Commerce; cottage artisans can formalize and access SEZs.	Gems and jewelry sector valued at US\$60 billion with FDI of US\$1.11 billion. GST consolidation, simplified tax structure: duty drawbacks encourage exports. Exporters in SEZs enjoy tax holidays.	Electronic customs filing and e-way bills; personal carriage of goods is permitted with declaration. Diamond valuations follow Rapaport pricing; colored stones use market price lists.	Strong emphasis on domestic beneficiation; Jaipur hub alone employs over 200,000 skilled person in cutting and jewelry making. SEZs provide modern factories, design centers and common facility hubs.	GJEPC runs global marketing campaigns, hosts events like the Jaipur Jewelry Show; gems and jewelry exports grew from US\$28M in 1966 to US\$35 Bn by 2014. Indian brands highlight craftsmanship and innovation.	Institutional support from GJEPC (export promotion), Gem and Jewelry Domestic Council (domestic promotion) and design institutes.
Sri Lanka 	The National Gem & Jewelry Authority (NGJA) regulates mining, issues licenses and conducts joint inspections. Citizen miners operate under profit-sharing arrangements with financiers and land owners	Imports and exports of gems and jewelry are exempt from taxes, and income tax rates for the sector are reduced.	Exporters must obtain a Gem Dealers License and present goods to NGJA for appraisal. NGJA issues a Gem Export Certificate and works with customs to clear consignments efficiently.	Approximately 20,000 skilled cutters work in local cutting and jewelry manufacturing. The government encourages value addition by providing training and financing through the jewelry development fund	Strong national branding of “Ceylon sapphires”; NGJA and the Export Development Board collaborate on international marketing. The brand emphasizes ethical mining, traceability and high quality	NGJA coordinates regulation, research and marketing; Export Development Board provides trade facilitation. Industry associations lobby for incentives and organize trade fairs

Country	Regulatory framework and licensing	Fiscal regime and incentives	Export procedures and valuation	Value addition and beneficiation	Branding and marketing	Institutional support
Thailand 	Gemstone trade regulated by the Gem and Jewelry Institute of Thailand (GIT) and the Ministry of Commerce. Licenses are required for mining and trading; membership in the Thai Gem and Jewelry Traders Association (TGJTA) offers additional privileges.	To promote Thailand as a jewelry hub, the government has provided VAT and personal income tax exemptions for the import and sale of uncut gemstones. Recent programs include duty-free zones and incentives for membership in TGJTA.	Customs operates dedicated counters at airports and at the Bangkok Gems & Jewelry Fair; exporters often use personal carriage with declaration. Valuation is based on export invoices and market indices.	Thailand hosts large cutting factories but focuses more on trading and jewelry manufacturing; local value addition is significant, particularly for silver jewelry.	Bangkok Gems & Jewelry Fair and digital marketing platforms promote Thai gems internationally. GIT collaborates with designers and runs certification services.	GIT provides gem testing, research and training. The Federation of Thai Industries and TGJTA work with government to advocate policies and facilitate exports.
Myanmar 	A new gemstone policy is under development. National Resource Governance Institute (NRGI) recommends revising the legal framework, reforming gemstone institutions and strengthening the licensing process. Citizen mining is widespread but unregulated.	Fiscal terms are being reconsidered; historically, high royalties and opaque tax regimes encouraged smuggling. Reforms aim to adjust fiscal terms and improve revenue sharing.	Valuation and export procedures are weak; the reform agenda calls for amending the valuation process and facilitating traceability in supply chains.	Limited beneficiation; most jade and gems are exported raw. The reforms aim at supporting domestic cutting and jewelry manufacturing.	No national brand; reforms suggest enhancing traceability and transparency to improve market reputation.	State-owned Myanmar Gems Enterprise regulates the sector; and manages mining, marketing and sale of Burmese jade and other gemstones. Reforms call for creating independent, transparent institutions.

Appendix III National Action Plan

Ser	Lead Agency	Partner Agencies	Required Action(s)	Timeline
1	MoIP, PGJDC	Law Division, Finance Division	Establish proposed authority under an SRO, merge PGJDC and its staff and assets	3 months
2	MoIP, PGJDC	Law Division, Ministry of Parliamentary Affairs	Submission of new law to establish proposed authority before the National Assembly	1 month
3.	MoIP, PGJDC	Finance Division, FBR, ANF, ASF	Establish NWO with appraisal, sealing and certification workflows	1 year
4.	PGJDC, PSW	FBR, MoIP	Integrate NWO with Pakistan Customs, courier services and banks through PSW	4 months post NWO
5.	Pakistan Customs, PGJDC	MoIP, FBR	Develop minimum export price framework with gemstone-specific HS sub-codes	3 months
6.	PGJDC	Finance Division, MoIP	Launch online gemstone business registration framework	8 months
7.	SBP	MoIP, PGJDC	Revise FE regulations and other instructions as per section 4.10 of the policy	4 months
8.	SBP, PBA	MoIP, PGJDC	Establish dedicated gemstone banking desks and priority financing windows	3 months
9.	PGJDC	MoIP, Ministry of Communication	Regulate and expand precious cargo courier services;	6 months post NWO
10	Pakistan Post, Ministry of Communication	MoIP, PGJDC	Integrate Pak Post with PSW, improve service quality	6 months
11	Ministry of Communication	MoIP, PGJDC	Appointment of regulator for couriers to ensure quality of service	6 months
12.	MoIP, PGJDC	MoC, FBR, SBP	Introduce return and refund framework for temporary exports and unsold gemstones	6 months
13.	SBP	MoIP, PGJDC	Enable payment aggregation and e-commerce gateways; recognize aggregator receipts as proof of payment	6 months
14.	PGJDC	MoIP, Finance Division	Develop integrated national gemstone e-commerce portal linking buyers and exporters	6 – 12 months
15.	PGJDC, provincial governments	MoIP	Reform provincial mining policies and align with national gemstone framework	8 months
16.	GSP, provincial governments	Petroleum Division, MoIP, PGJDC	Conduct extensive geological mapping and resource estimation in priority gemstone belts	Continuous

Ser	Lead Agency	Partner Agencies	Required Action(s)	Timeline
17.	PGJDC, Planning Commission	MoIP, Finance Division	Establish mining machinery rental pools in GB, AJK and KP	1 year
18.	PGJDC provincial governments	MoIP, Finance Division	Develop demonstration mines by selecting partner through open, competitive process	2 years
19.	PGJDC	MoIP, Finance Division	Upgrade and revive existing gemstone value-addition clusters (GB, AJK, KP)	1.5 years
20.	PGJDC, Planning Commission	MoIP, Finance Division	Establish International Gemstone Centre as value-addition and buyer-facing hub	2 years
21.	MoIP, PGJDC	Finance Division	Implement national gemstone branding strategy	Continuous
22.	MoIP, PGJDC	Law Division	Adopt internationally accredited certification systems (GIA, GIT, GRS, IGI)	Continuous
23.	PGJDC, Finance Division	MoIP, NAVTEC	Launch capability development, training and skills programs across value chain	Continuous
24.	PGJDC, Finance Division		Implement industry innovation and technology diffusion programs	Continuous
25.	MoPD&SI, PBS	PGJDC, provincial governments	Undertake census to ascertain accurate information on mineral resources, mining operations, workforce, and value chains	1 Year

Appendix IV
Tentative Budget Requirement 2026-2031
(Amount in Million Rs.)

Description/Initiatives	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Pakistan Gems & Jewelry Authority	202	677	607	585	135	-	2206
National Warranty Office	230	271	143	157	17	-	818
Enhance Established Clusters	80	93	135	146	-	-	454
Industry Innovation Fund	-	250	285	285	180	-	1000
Pakistan Brand Development	62	94	168	198	-	-	522
Establishment of Model Mechanized Mines	-	393	164	308	-	-	865
Establishment of Mining Machinery Pools	-	342	84	75	-	-	501
National Gemstone Centre, Islamabad	340	1520	650	60	-	-	2570
Gemstone Centre of Excellence, Gilgit Baltistan & AJK	122	670	120	128	-	-	1040
Grant Total	1036	4310	2356	1942	332	-	9976