

DEVICE IDENTIFICATION REGISTRATION AND BLOCKING SYSTEM - PROMOTING LOCAL HANDSET MANUFACTURING INDUSTRY

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International organizations such as the International Telecommunications Union (ITU), GSM Association (GSMA), Mobile Manufacturers Forum (MMF), Intellectual Property Owners Organization (IPO), the Organization for Economic Cooperation and Development (OECD), the World Customs Organization (WCO) and other entities have been working to confront the menace of the grey market for mobile devices and its negative impact on the mobile ecosystem.

Pakistan has the distinction of implementing the world's first open-source, full-fledged Device Identification, Registration and Blocking System (DIRBS). This system has the ability to identify all the IMEIs latched on Pakistan's mobile network and categorize them based on their compliant status. Implementation of DIRBS has resulted in removing illegal devices from the local market. It has also enabled a level playing field for all commercial entities to do mobile device business as well as created confidence for consumer on device being purchased by them is a standard device imported via legal channels. Successful implementation of DIRBS in Pakistan has been internationally recognized by ITU as a flagship project.

DIRBS comprises of a comprehensive core analysis system that is combined with subsystems including Device Verification System (DVS), Secure File System, Device Registration System, Device Pairing System and Stolen-Lost Management System. The analysis done through DIRBS allows for the identification and tracking of non-standard/informally imported mobile devices and generates three lists that mobile operators implement on their Equipment Identity Registers (EIRs).

The impact of DIRBS started to surface as the project came to fruition, the PTA gained a better understanding of the mobile device landscape; businesses became aware of commercial models

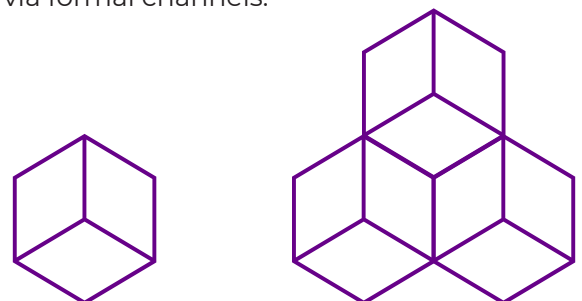
for the future, and consumers realized the value of a legal mobile phone. Resultantly, there has been a sharp rise in legally imported mobile devices via formal channels resulting in enhancing the custom duties proceeds of mobile phones.

Recognizing this healthy trend, which owes it to the implementation of DIRBS, GoP decided to introduce a comprehensive mobile manufacturing policy to encourage and attract mobile manufacturing entrepreneurs and companies to establish their units in Pakistan. The Federal Cabinet approved the Policy on June 2, 2020. Accordingly, PTA introduced Mobile Device Manufacturing (MDM) Regulations 2021 on 28th January, 2021. Till date, a total of 26 companies have applied and been issued MDM Authorization enabling them to manufacture mobile devices in Pakistan. These companies includes both local and international players bringing in renowned brands e.g. Samsung, Nokia, Oppo, Vivo, Alcatel, Techno, Infinix, QMobile, Vgotel etc. helping in creating new jobs within this filed as well as bring about affordability for consumers.

Following figures reflect impact of DIRBS implementation on mobile device eco system as well as mobile device industry:

Commercial Imports Trends

Year wise analysis of commercial category (**Imported and Locally Manufactured Devices**) shows increase in import via formal channels:



| Calendar Year | Commercial Import Quantity | DIRBS Impact | Revenue Collected by FBR (FY) |
|------------------------|----------------------------|----------------------------|----------------------------------|
| 2016 | 21.6 Million | | Not available |
| 2017 | 19.8 Million | | Not available |
| 2018 | 17.2 Million | | PKR 22 Billion |
| 2019 | 28.02 Million | Increase by 62% from 2018 | PKR 54 Billion |
| 2020 | 38.06 Million | Increase by 125% from 2018 | PKR 29.2 Billion (July-Nov 2020) |
| 2021 (upto 28th July) | 19.46 Million | | Not available from FBR |

Local Assembly/Manufacturing Trends

DIRBS has created level playing field for all entities, resulting is establishment of local assembly plants. Seeing the successful development of this industry, PTA issued Mobile Device Manufacturing Regulations (MDM) 2021 which enables companies to obtain Mobile Device Manufacturing Authorization for 10 years.

| Devices Locally Assembled by Companies within Pakistan | | | |
|--|------------------------------|---|-----------------------|
| Calendar Year | Local Manufacturing Quantity | DIRBS Impact | Job Creation (approx) |
| 2016 | 0.29 Million | | 200 |
| 2017 | 1.72 Million | | 600 |
| 2018 | 5.2 Million | | 3000 |
| 2019 | 11.74 Million | Increase by 125% from 2018 | 8000 |
| 2020 | 13.08 Million | 2.16 Million 4G Smart Phones assembled in Pakistan | 600 |
| 2021 (30th June) | 11.87 Million | 4.40 Million 4G Smart Phones Manufactured in Pakistan | 1200 |

Individual Category Import Trends

Prior to DIRBS, individual import in personal baggage was an untapped area which has now been formalized as a result fo implementation of DIRBS.

| Context | Remarks | |
|---|-------------------|------------------------------------|
| Custom Duties Collected in Individual Import Category | 18.26 Billion PKR | From 15th Jan 2019- 29th July 2021 |

Other Impacts of DIRBS

a. Issuance of 10 Year Mobile Device Manufacturing Authorization by PTA to 26 companies till date, who have setup plants and will manufacture mobile devices including 4G smart phones.

b. Availability of locally assembled affordable smart phones to consumers contributing towards the mission of 'Digital Pakistan'

c. 18.62 Billion PKR custom duties revenue collected under individual category (15th January 2019 to 29th July, 2021). Prior to system implementation, this was an untapped area and no revenue in this category was being collected.

d. PTA has blocked 175 thousand devices IMEI reported as stolen through DIRBS.

e. System has also identified and blocked 26.03 Million fake/replica mobile devices

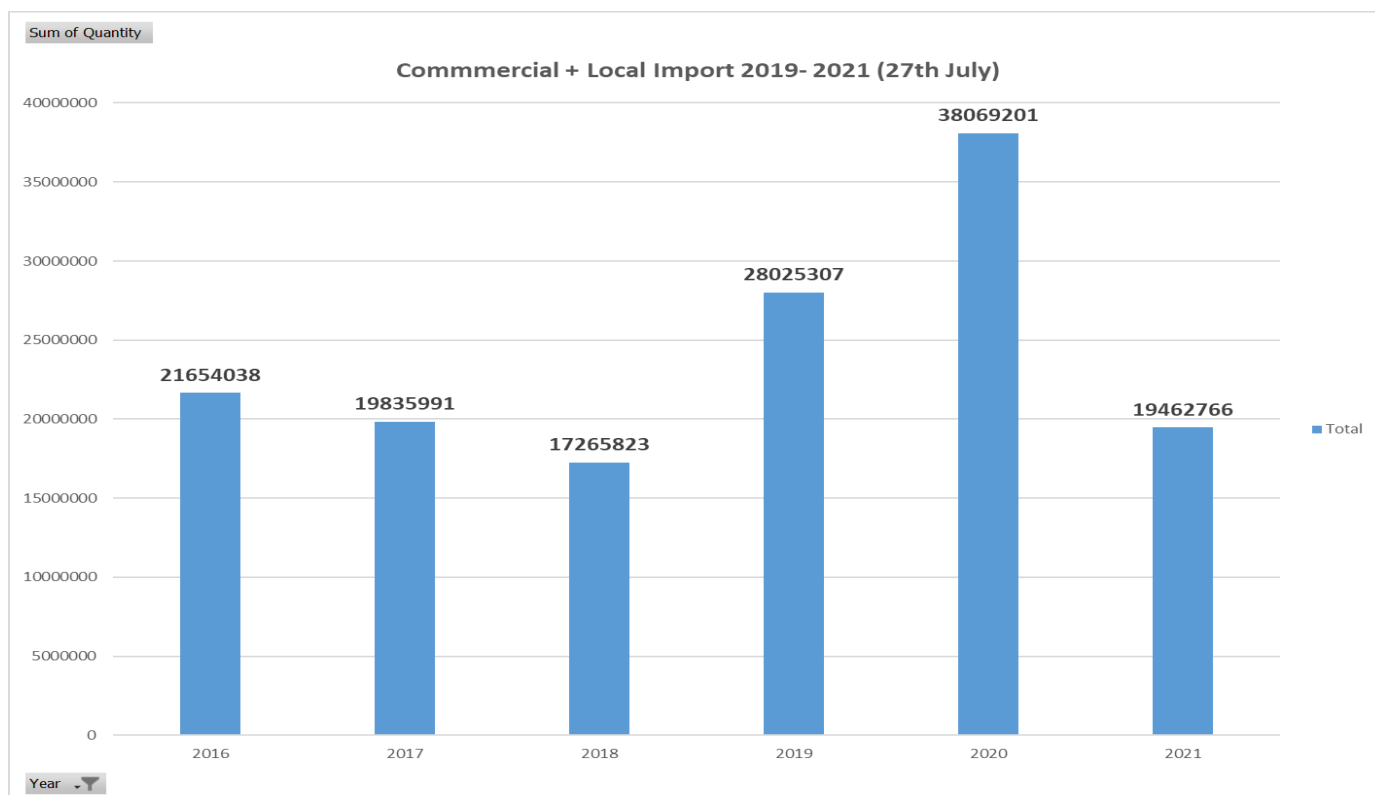
f. DIRBS identified & blocked cloned IMEI, whereby 880,780 IMEI were cloned/duplicated against 5.28 Million MSISDN.

Prospects of Export of Mobile Devices

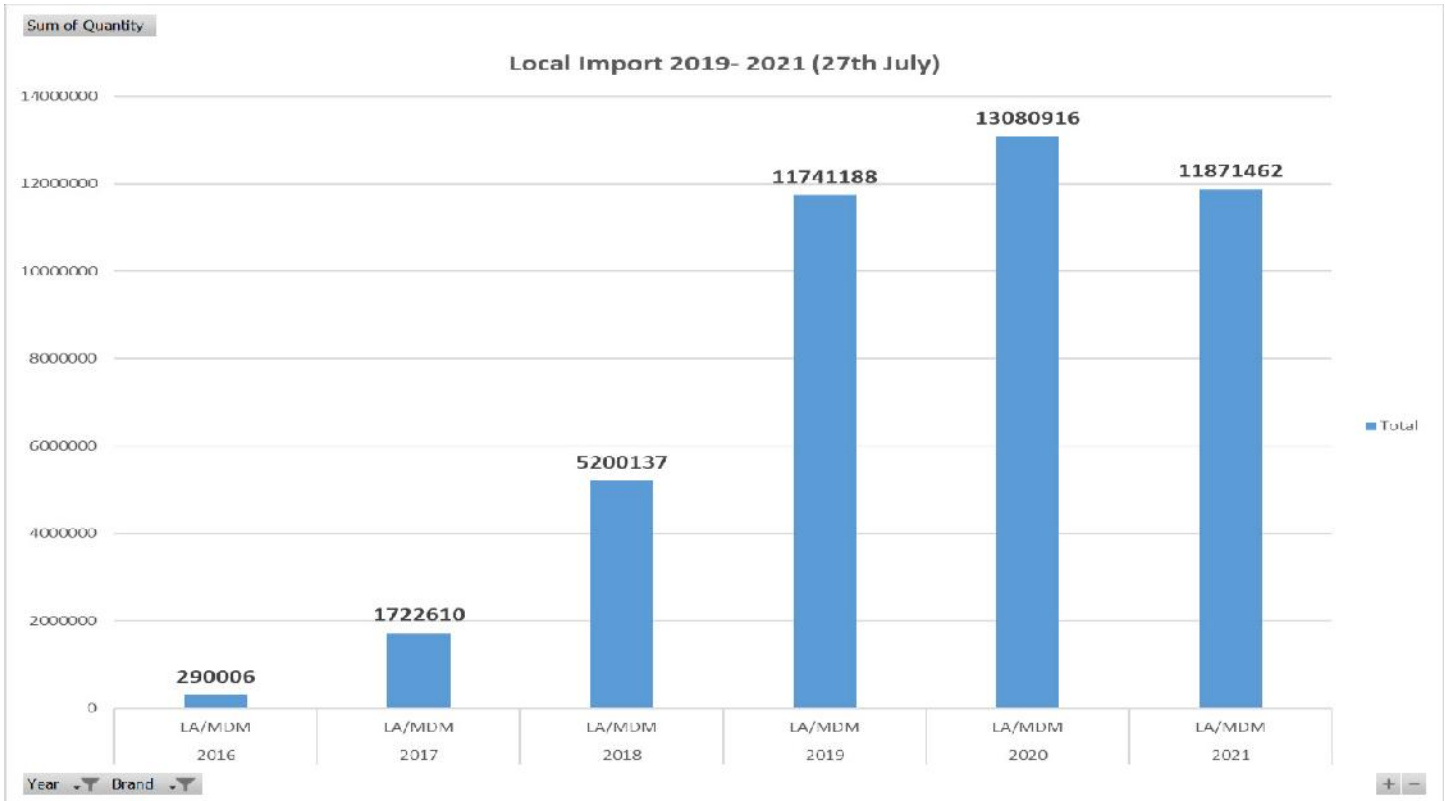
Successful implementation of DIRBS and conducive GoP Policies have opened up avenues for export of mobile handsets manufactured in Pakistan. It is expected that very soon Pakistan assembled handsets of reputed international brands will be exported, earning Pakistan much needed foreign exchange and also putting Pakistan into the mobile phone exporter list.

Annex

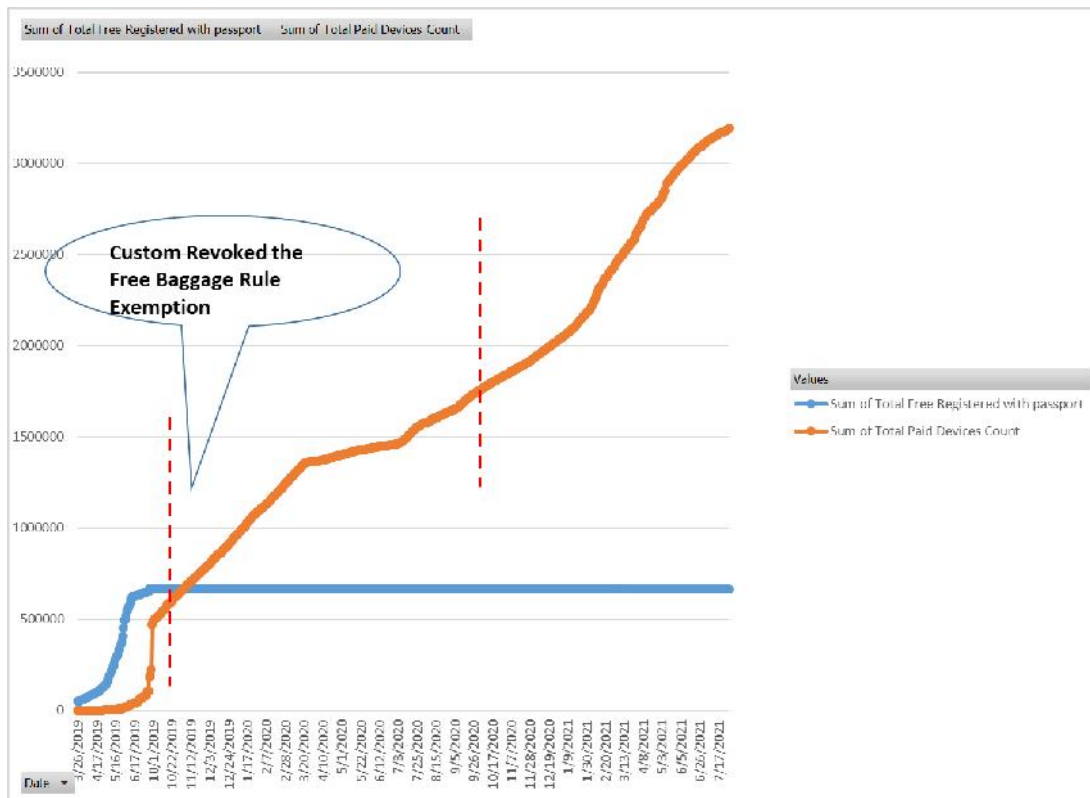
Graphical Trends Commercial + Local Manufactured Import up to 27th July, 2021



Local Manufactured Devices Trend up to 27th July, 2021



Individual Category Registered Devices 15th Jan, 2019 to 29th July 2021



پاکستان اپنی رہ میں آنے والی ہر رکاوٹ کا آزادانہ طور پر سامنا
کر سکتا ہے اگر پاکستان ہمیشہ اسی طرح بہادروں اور محنت
کشوں کی سرزمین کے طور پر جانا جائے

پیمہ از احکام مبارک

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