

Pakistan

Capital: Islamabad
Population: 169,300,000 (2007 estimate)
GDP:* US\$ 504.3 billion (2008 estimate)
Currency: Rupee
Language: Urdu, English



Summary

Pakistan is a promising market for automobiles and accessories, offering exceptionally good sales opportunities for U.S. exporters of used cars, busses and heavy trucks. During recent years, the country has seen drastic changes in this sector because the local government has allowed the import of used/refurbished vehicles, and has exempted buses in CKD (completely knocked down) condition from customs duty. The automotive industry demonstrated a very impressive growth rate of 50 percent during the past fiscal year. A corresponding increase in the number of banks and financial institutions willing to extend credit to the public has strengthened the performance of this sector.

Current Market Trends

Pakistan has a growing market for automobiles and accessories (including tractors), offering exceptionally good sales opportunities for U.S. exporters in the car, bus and heavy truck segments. The total number of vehicles in Pakistan is over 5 million units. The annual demand is approximately 300,000 units with total imports worth USD 300 million. The local production of aftermarket automotive parts and accessories is around USD 850 million. Four hundred manufacturers of automotive parts and accessories support 32 automobile manufacturing and assembly facilities in Pakistan. Only five of these automobile manufacturers, produce/assemble buses and trucks.

The vehicle industry demonstrated a very impressive growth rate of over 50 percent during the past fiscal year, mainly due to the increase in demand and the availability of consumer credit and low interest rate loans. The Government of Pakistan (GOP) encourages local franchisees to introduce more buses on city routes by providing 4 percent loans for bus purchases. The government also gives 10 percent rebate of custom duties for the import of public transport vehicles. The GOP has exempted buses in Completely Knocked Down (CKD) condition from customs duty irrespective of whether they run on Compressed Natural Gas (CNG) or diesel fuel. The Small and Medium Enterprises Development Authority (SMEDA) monitors the import, resale and transfer of vehicles imported under this customs duty exemption. The general tariff regime is 20 percent on CKD buses and trucks; 60 percent on Completely Built Units (CBU) trucks and 20 percent on CBU buses.

Buses using Compressed Natural Gas (CNG) are particularly in demand, as the GOP applies the National Environmental Quality Standards related to air, water, and noise pollution to the vehicle industry. Recently, the government has made tremendous progress in promoting CNG usage by setting up filling stations, converting petrol-run vehicles, and providing incentives to entrepreneurs. As a result, more than 265,000 vehicles have already been converted to CNG and the clean fuel has gained instant popularity. Pakistan has become the third largest CNG (for autos) user in the world after Argentina and Brazil.

Market Entry

Manufacturers and assemblers of buses and trucks should consider entering this market. For U.S. companies interested in selling automobiles in Pakistan, the best strategy is either to find a local partner to act as the sole distributor/agent or to register and establish a representative office in Pakistan. Pakistan has a sophisticated and regulated banking industry with both state-owned and private banks offering a full range of financial services including trade financing.

Additionally, incentives from the government that include zero duty on imported components used in the manufacture of products for re-export and emphasis on the training and development of human resources has paved the way for manufacturers to align themselves with their foreign counterpart and pursue joint manufacturing and value addition.

Current Demand

The following list includes the products that demonstrate good sales prospects due to their increased market size and demand.

HS Code Description

8704	Buses - Motor vehicles for transport of passengers
8705	Trucks - Motor vehicles for transport of goods
8706	Special purpose motor vehicles
9503100000	CNG conversion kits and CNG filling station equipment
8409914000	Parts for spark-ignition internal combustion piston engines for use in motor buses or trucks
8409994000	Parts for compression-ignition internal combustion piston engines (diesel) for use in road
8708295070	tractors, motor buses, automobiles or trucks
8708390000	Parts and accessories, nesoi, of bodies (including cabs) of heading 8701 to 8705
8708401000	Brakes and servo-brakes and parts, of motor vehicles of headings 8701 to 8705

Trade Shows

AUTO & AUTO PARTS PAKISTAN 2007

3rd International Automobiles, Auto Parts, & Accessories Exhibition

December 12-15, 2007

<http://www.autoexpo.com.pk>

AUTO ASIA

4th International Exhibition and Conference

Automobile and allied sectors

March 25 - 27 2008

<http://www.autoasia.com.pk>

Available Market Research

Market of Automobiles (Sep 2007)

Resources and Key Contacts

Pakistan Automobile Spare Parts Importers and Dealers' Association (PASPIDA)

Email: rshaikh@brain.net.pk; paspida@super.net.pk; paspida@hotmail.com; paspida@gem.net.pk

Web Site: <http://paspida.com.pk> ; <http://www.freehomepages.com/paspida/private/MAIN.html>
<http://www.autopakistan.com/Supported%20by.swf>

Pakistan Automotive Manufacturer Association(PAMA)

Email: pamauto@cyber.net.pk

Web Site: www.pama.org.pk

Pakistan Tyres Importers and Dealers Association

7/12 Rimpa Plaza, M.A. Jinnah Road
Karachi, Pakistan

Automobile Association of Pakistan

155, Chenab Block, Allama Iqbal Town
Lahore-54000, Pakistan



List of automobiles importers, dealers, manufacturers and association:

<http://www.jamals.com>.

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