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ICMA Unveils Insights on Pakistan's Auto Import Policy

The ECC Decision on Commercial Import of Used Vehicles Brings Short-Term Gains for Consumers and Government Revenue, While Posing Long-Term Challenges for Auto Assemblers, Spare Parts Sector, Trade, and the Environment; Guided by Global Lessons and ICMA Road Map for Balanced Auto Import Policy.

Research and Publications Department
Institute of Cost and Management Accountants of Pakistan

Message from the Vice President ICMA and Chairman Research and Publications Committee

It gives me great pleasure to present this report, **“ICMA Unveils Insights on Pakistan’s Auto Import Policy”** prepared by the Research and Publications Department of ICMA.

The government’s recent policy shift on used vehicle imports is a landmark decision that will reshape Pakistan’s automotive landscape. Its effects will extend beyond the auto industry—impacting consumers, employment, government revenues, trade, and environmental sustainability. In this context, ICMA is proud to contribute as a knowledge partner by providing objective research and analysis to support informed policy dialogue.

This analytical study reviews the likely impact of the ECC decision, draws lessons from international experiences, and offers practical recommendations tailored to Pakistan’s needs. I commend the Research and Publications Department for producing this timely and comprehensive report.

I am confident that this analysis will serve as a valuable resource for policymakers, the auto industry, and other stakeholders, helping them address the opportunities and challenges of this important policy change.

Muhammad Yasin, FCMA

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Executive Summary

This analytical report has been developed by the Research and Publications Department of the Institute of Cost and Management Accountants of Pakistan (ICMA) to provide a comprehensive assessment of the decision of the Economic Coordination Committee (ECC) of the Federal Cabinet, allowing commercial imports of used vehicles up to five years old. This landmark policy introduces a phased, predictable, and regulated framework designed to balance consumer interests, support domestic industry, protect fiscal resources, ensure environmental sustainability, and align with international trade commitments.

Policy Background

Pakistan's automotive sector has historically been dominated by a few large assemblers, resulting in limited competition and high vehicle prices, particularly for passenger cars. Vehicle import policies have shifted over the decades, alternating between strict protection and limited liberalization. The ECC 2025 policy represents a structured approach, with phased duty reductions, age limits, and mandatory compliance with safety and environmental standards, providing clarity and predictability for stakeholders.

Consumer Benefits

Consumers will gain greater choice, access to safer and fuel-efficient vehicles, and hybrid options. While initial high duties may limit immediate affordability, the gradual reduction over time will enhance access and encourage a shift toward quality, efficiency, and safety-focused purchasing decisions.

Impacts on Domestic Industry

Local manufacturers will face increased competition, particularly in small and mid-sized vehicle segments. Short-term protection from high duties provides a buffer, but medium- and long-term success will require modernization, technological upgrades, and quality improvements. Firms that adapt can strengthen competitiveness, foster innovation, and align with global standards.

Vendor and Spare Parts Sector

The commercial import of used vehicles is likely to reduce demand for locally produced components such as tires, seats, and wiring harnesses, directly affecting over 300,000 jobs in the spare parts industry. It is also expected to fuel an informal market—estimated at around PKR 160 billion—financed through undocumented channels, draining foreign exchange and weakening tax compliance.

While the immediate outlook is challenging, the policy may also reshape demand by creating opportunities in aftermarket services and future supply of parts for hybrid and electric vehicles. Adaptation and strong policy support will be essential for vendors to remain viable and sustain growth in the evolving market.

Financial Services and Auto Financing

As imported and hybrid vehicles gain popularity, auto financing is expected to expand. Financial institutions offering flexible, competitive, and transparent loan products will play a key role in supporting this transformation and enabling broader consumer access.

Environmental and Sustainability Considerations

Transportation contributes significantly to greenhouse gas emissions and urban pollution. Strict enforcement of emissions and safety standards, along with incentives for hybrid and electric vehicles, can reduce environmental impact, improve fuel efficiency, and support Pakistan's climate goals. Poor enforcement or uncontrolled inflows of high-emission vehicles could undermine these benefits.

International Lessons

Experiences from India, Bangladesh, Kenya, South Africa, Nigeria, Sri Lanka, and the Philippines provide practical insights. Measures such as age limits, pre-export inspections, phased implementation, fiscal incentives, and administrative controls can guide Pakistan in maintaining quality, safeguarding the environment, and balancing consumer access with industrial protection.

Trade, Fiscal, and Macro Implications

While commercial imports will initially increase foreign exchange demand, phased duty reductions, adoption of fuel-efficient vehicles, and industry modernization can reduce macroeconomic pressures over time. Alignment with WTO norms and IMF guidance enhances trade credibility and supports a stable, predictable policy framework.

Moving Forward

The success of the ECC 2025 policy depends on effective enforcement, monitoring, and stakeholder engagement. Complementary measures—including environmental oversight, support for domestic industry, promotion of cleaner technologies, and transparent fiscal management—will maximize benefits. Proper implementation can expand consumer choice, modernize the industry, strengthen trade and fiscal outcomes, and promote sustainable economic growth in Pakistan.

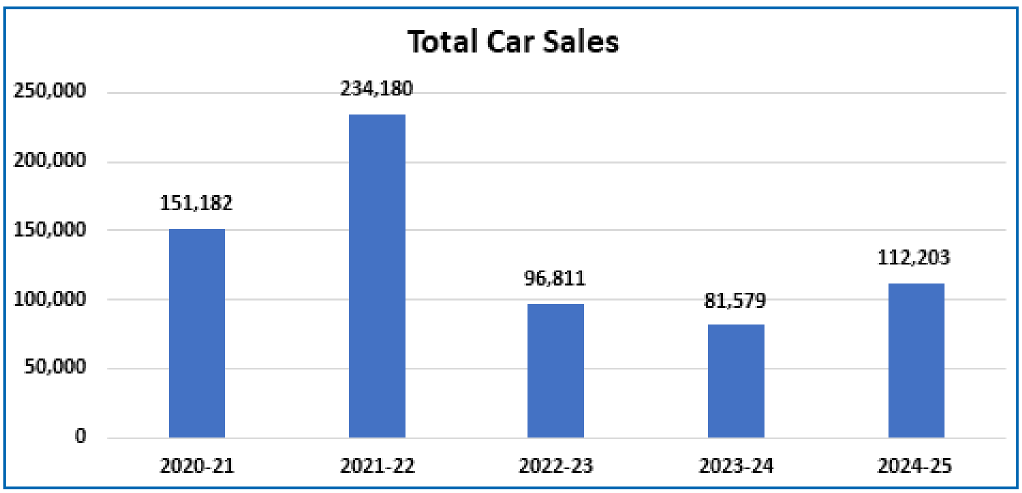
This report presents ICMA's Research and Publications Department's detailed analysis of Pakistan's automotive sector, covering historical context, ECC 2025 policy evaluation, impacts on consumers, domestic industry, vendors and spare parts sector, financial services and auto financing, environmental and sustainability considerations, international experiences and lessons, trade and fiscal implications, and actionable policy recommendations for a balanced auto import policy.

Chapter 1

Overview of Pakistan’s Automotive Industry

“Pakistan’s Auto Sector — Expanding, Yet Struggling with Affordability and Options”

The automotive industry is one of Pakistan’s most important industrial sectors. It contributes significantly to the economy, provides thousands of jobs, and supports related industries such as steel, rubber, glass, electronics, and services. Each year, hundreds of thousands of vehicles are sold, showing strong demand for personal transport. According to the Pakistan Automotive Manufacturers Association (PAMA), as of July 2025, over 100,000 passenger cars and light commercial vehicles were produced and sold, along with nearly 1.2 million motorcycles and three-wheelers.



Source: PAMA, analysis by ICMA.

The industry is dominated by a few large automobile assemblers. They are supported by a network of local parts manufacturers and vendors. Together, they provide jobs, add value, and help develop technical skills. This system also affects everyday life, offering transportation solutions for households and businesses across Pakistan.

Despite its importance, the industry faces several challenges. Competition is limited, it is hard for new companies to enter the market, and consumers have fewer choices, especially for passenger cars. Prices are often high, making cars unaffordable for many families. Compared to countries like India, Thailand, and Malaysia, Pakistan has fewer small, fuel-efficient, and affordable cars.

For over thirty years, the import of vehicles, especially used cars, has been a major policy issue. Policymakers have tried to balance two goals:

- **Protect local industry and jobs,** by encouraging investment in assembly and parts production.
- **Give consumers more choice and affordable cars** to fit their needs and budget.

This balance between protecting local industry and helping consumers has shaped the sector over time. Strict import restrictions often kept prices high and limited available models. On the other hand, liberal import policies increased choice but worried local manufacturers, who feared reduced sales and investment. Decisions about used car imports have affected prices, available models, and the overall health of the industry.

Understanding the local industry and the impact of used car imports is essential. The automotive sector affects not just production and sales but also transportation, business opportunities, and daily life for millions of people.

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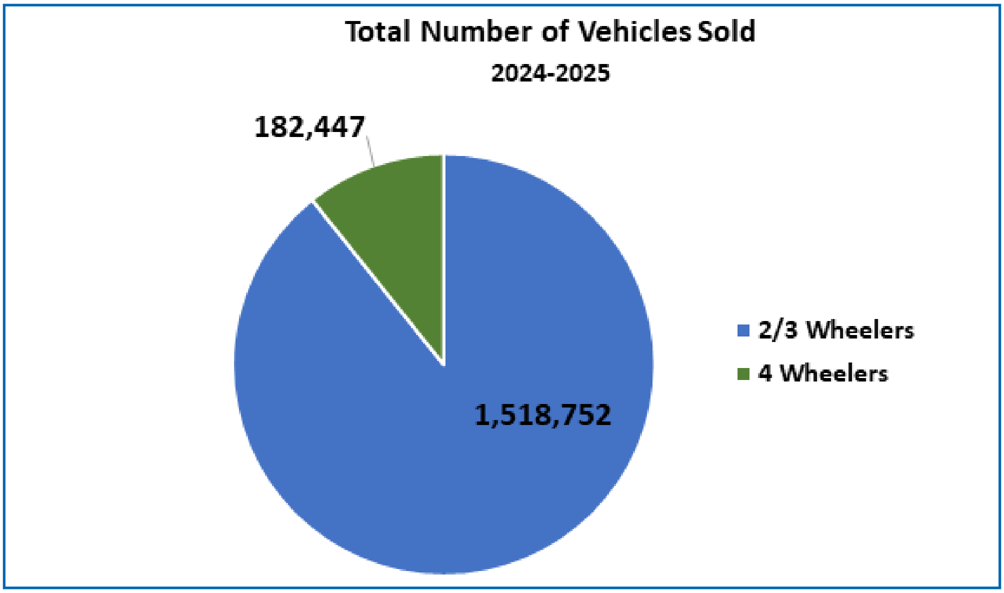
Chapter 2

Pakistan's Automotive Market in 2025

"Pakistan's Auto Market 2025 — Strong Demand, Limited Choices, and New Import Policy"

Pakistan's automotive market is diverse and dynamic, encompassing passenger cars, light commercial vehicles (LCVs), buses, trucks, motorcycles, and three-wheelers. In 2024-25, the market experienced strong activity, with passenger cars sold around 112,203 units, Jeeps & Pickups 35,820 units sold, and motorcycles and three-wheelers sale reached to 1,518,752 units (PAMA). These numbers highlight the strong demand for personal and affordable transport across the country.



Source: PAMA, analysis by ICMA.

The local automotive industry is led by a few large assemblers, including Suzuki, Toyota, Honda, Hyundai, and Sazgar. They are supported by a network of local parts manufacturers and vendors, which creates jobs and develops technical skills. Most local production focuses on passenger cars and LCVs, while motorcycles and three-wheelers are produced by specialized local or joint venture companies.

Used car imports have long played an important role in the market. They provide consumers with more choices and affordable vehicles, especially when local production cannot meet demand. At the same time, excessive imports can reduce sales for domestic manufacturers and slow investment in local assembly. Recognizing this, the Economic Coordination Committee (ECC) in September 2025 approved commercial imports of used cars up to five years old, with duties to be gradually reduced over the coming years. This policy is designed to expand consumer choice, improve affordability, and give local manufacturers time to strengthen their competitiveness.

Despite growth, the market faces several challenges. Car prices remain high for many households, limiting affordability. Consumer choice, particularly for small and fuel-efficient vehicles, is narrower than in neighboring countries. Safety and environmental standards for local cars are improving but still lag behind international benchmarks. The industry also continues to rely heavily on foreign exchange for imported components and vehicles.

Overall, Pakistan's automotive market is gradually opening, while local production continues to play a vital role. The balance between used car imports and domestic manufacturing will shape affordability, consumer satisfaction, and investment in the coming years. The 2025 ECC policy marks an important step toward a more competitive and balanced automotive market, where both consumers and manufacturers can benefit.

The next chapter examines the historical evolution of automobile import policies, showing how past decisions shaped the current market and led to the ECC's 2025 decision.

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Chapter 3

History of Used Car Imports in Pakistan

"Used Car Imports in Pakistan — A History of Policy Shifts and Market Balance"

Historically, Pakistan's automobile import policy has gone through several phases:

Early 1990s: Strict Restrictions

Commercial imports of cars were largely prohibited to protect local assemblers. This resulted in fewer cars in the market, higher prices, and limited options for buyers.

Early 2000s: Limited Relaxation

Growing demand for affordable cars led the government to allow imports under special schemes such as the Gift Scheme, Baggage Scheme, and Transfer of Residence Scheme, mainly for overseas Pakistanis. While these cars were meant for personal use, many entered the local market through dealers. Consumers gained more choice and prices dropped slightly, but local carmakers protested, saying these imports hurt their sales and investment.

2005–2008: Liberalization and Reversal

In 2005, the government reduced duties, making it easier to import used cars. Consumers accessed small, fuel-efficient Japanese cars, and imports rose quickly. By 2008, local carmakers lobbied for tighter restrictions, leading to increased duties and a lower age limit for imports. This reduced imports and strengthened local manufacturer protection.

2012: Tighter Age Limit

The maximum age of imported used cars was cut from five years to three years, sharply reducing inflows. Simultaneously, the Automotive Development Policy (ADP) encouraged investment in local assembly. Some new entrants joined, but car prices remained high and choice limited.

2012–2020s: Ongoing Push and Pull

Consumers continued to complain about high prices, limited choice, and lower safety standards than regional peers. Industry groups warned that too many imports could reduce local investment, slow parts production, and increase pressure on foreign exchange. The government alternated between relaxing and restricting imports, creating a cycle of policy shifts.

September 2025: ECC's New Decision

In September 2025, the Economic Coordination Committee (ECC) allowed commercial imports of used cars up to five years old. Duties will be reduced gradually. The policy aims to protect local manufacturers, offer consumers more affordable choices, and ensure imported cars meet safety and environmental standards. This is a key step toward a more balanced automotive market.

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Chapter 4

ECC 2025 Vehicles Import Policy Overview

"ECC 2025 Vehicle Import Policy — Balancing Choice, Affordability, and Industry Protection"

In September 2025, the Economic Coordination Committee (ECC) of the Federal Cabinet allowed the commercial import of vehicles up to five years old. The policy provides consumers with more choice and better affordability, gives local manufacturers time to adapt and compete, and maintains fiscal and environmental safeguards. The gradual, phased reduction in duties is designed to avoid sudden shocks to the local industry while encouraging a more competitive and modern market.

Key Features of the Policy

- Vehicle Eligibility: Passenger vehicles under five years old can be imported commercially until June 30, 2026.

- Import Duties: A 40 percent regulatory duty applies in the first year, reducing by 10 percent each year until it reaches zero by fiscal year 2029–30. This phased approach helps balance consumer benefits with protection for local manufacturers.
- Safety and Environmental Rules: All imported vehicles must meet safety and emission standards, ensuring that older, unsafe, or inefficient vehicles do not enter the market.

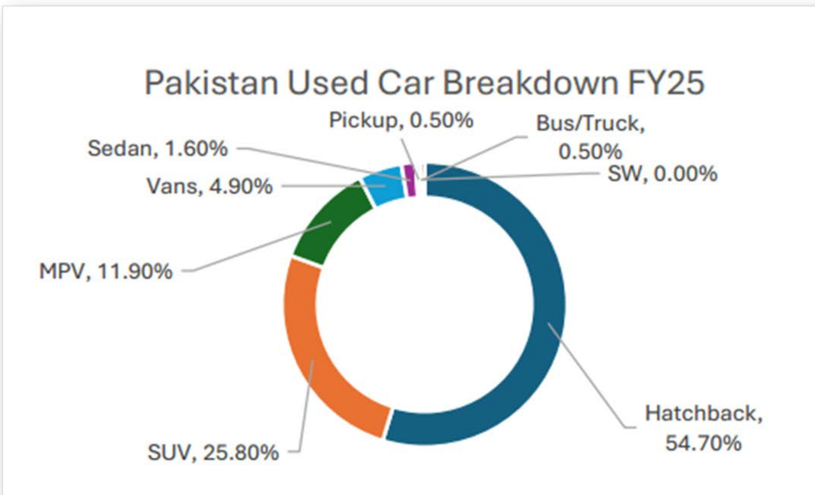
Why the Policy Was Needed

Pakistan's locally assembled vehicles have long been expensive and limited in variety, especially small and fuel-efficient models. At the same time, the domestic industry relied heavily on high tariffs for protection. The ECC policy seeks to balance these needs by giving consumers more affordable and diverse options, allowing local manufacturers time to modernize, and helping the government gradually reduce trade barriers while managing foreign reserves.

It also aligns with Pakistan's commitments under international trade agreements, including the World Trade Organization framework, signaling a move toward more open and competitive markets.

Learning from the Past

The policy also reflects lessons from previous years. In 2005, temporary duty cuts led to a surge in commercial vehicle imports but faced strong opposition from local carmakers. In 2008, restrictions were tightened again, limiting consumer options. In 2012, the maximum age for imported vehicles was reduced to three years, protecting the local industry but keeping prices high. Learning from these swings, the ECC 2025 decision provides stability and predictability for both consumers and manufacturers, while allowing the market to adjust gradually.



Source: PAAPAM

Safety and Environmental Focus

Another important aspect of the policy is ensuring safety and environmental compliance. By requiring all imported vehicles to meet these standards, the government ensures that only safe, efficient, and environmentally friendly vehicles enter Pakistan, supporting cleaner and greener transportation.

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The Ministry of Commerce, Government of Pakistan, has issued SRO 1895(I)/2025 on September 30, 2025, amending the Import Policy Order 2022 to allow the commercial import of used vehicles up to five years old until June 30, 2026. These imports will be subject to strict environmental, safety, and quality standards as prescribed by the Engineering Development Board.

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GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE

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Islamabad, the 30th September, 2025

ORDER

S.R.O. 1895 (I)/2025.- In exercise of the powers conferred by sub-section (1) of section 3 of the Imports and Exports (Control) Act, 1950 (XXXIX of 1950), the Federal Government is pleased to direct that the following further amendments shall be made in the Import Policy Order, 2022, namely:-

In the aforesaid Order, in the Table, under Appendix-C, in column (1), against Serial No. 10, in column (2), after clause (xv), the following new clause shall be inserted, namely:-

"(xvi) Commercial import of used vehicles, falling under PCT headings 8702, 8703, 8704 and 8711, shall be allowed for vehicles less than five years old, until the 30th June, 2026, thereafter, the vehicles' age limit may be removed. The commercial importation shall be subject to environmental, safety and quality standards, testing and certification requirements, prescribed by the Engineering Development Board, Ministry of Industries and Production.

Explanation.-Nothing contained in the aforesaid clause shall be construed to override, restrict, or otherwise affect any provisions relating to the same PCT headings provided elsewhere in this Order.".

[1(14)/2025-Imp-III]

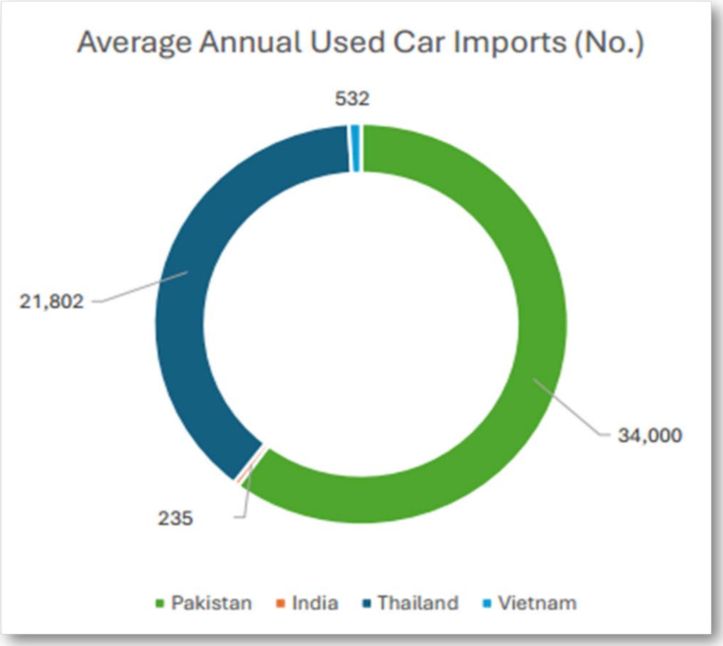
(Irtaza Ali)
Section Officer (Imports)

Chapter 5

Impact on Local Automotive Industry

"Impact on Local Industry — Competition, Restructuring, and Opportunities Ahead"

The ECC 2025 vehicles import policy marks a major turning point for Pakistan's automotive sector. By allowing the commercial import of vehicles up to five years old with a phased reduction in duties, the policy directly impacts local manufacturers, suppliers, and the broader industry ecosystem. Historically, Pakistan's automobile industry has been heavily protected through high tariffs, regulatory duties, and non-tariff barriers, enabling local assemblers to dominate the market with limited accountability to consumers. The ECC 2025 decision challenges this long-standing model, affecting production volumes, pricing, quality standards, supply chains, and employment.



Source: PAAPAM

Short-Term Impact: Adjustment Pressures

In the immediate term, local assemblers are likely to experience moderate adjustment pressures. The initial 40 percent regulatory duty, combined with logistical delays in importation, provides a temporary buffer. Consumers also face higher landed costs due to exchange rate fluctuations and import premiums, maintaining a short-term price advantage for locally assembled vehicles. Nonetheless, market behavior may begin to shift even before imported vehicles arrive. Anticipation of more affordable or higher-quality imports could lead consumers to delay purchases, creating short-term volatility in sales and affecting production planning and cash flows.

Medium-Term Impact: Rising Competition and Market Share

As duties reduce by 10 percent annually, imported vehicles will gradually become more competitive. By fiscal year 2027–28, when duties fall to 20 percent, the price gap between local and imported vehicles is likely to narrow, potentially eroding market share for domestic manufacturers. Small and mid-sized passenger cars—dominant in the market—are particularly vulnerable. Popular Japanese models such as Toyota Vitz, Honda Fit, and Suzuki Swift, known for reliability, fuel efficiency, and advanced safety features, will compete directly with local equivalents. Domestic manufacturers will face growing pressure to enhance quality and safety. Imported vehicles often include modern features such as airbags, ABS, electronic stability control, and hybrid engines—features that many local models currently lack. Rising consumer expectations will push assemblers to upgrade production lines, increasing costs but enhancing competitiveness.

Long-Term Impact: Industry Restructuring and Adaptation

By fiscal year 2029–30, when duties are fully phased out, the domestic industry will face full global competition. Assemblers that fail to modernize risk losing market share, and smaller players may exit, leading to industry consolidation. However, liberalization also presents opportunities. Competition can drive innovation, efficiency, and quality improvements. Assemblers that invest in new technologies, forge international partnerships, and explore hybrid or electric vehicles could emerge stronger, more agile, and integrated into global value chains.

Supply Chain and Vendor Industry

Pakistan's automotive sector supports an extensive network of vendors supplying components such as seats, batteries, tires, and engines. Reduced domestic production could challenge many SMEs in this network.
Vendors that adapt to global supply chains or specialize in aftermarket parts for imported vehicles may find new opportunities. Strategic investment in advanced technologies could also position suppliers to serve hybrid and electric vehicles as the domestic industry evolves.

Employment Implications

The sector directly employs thousands in assembly plants and indirectly supports many more in vendor and dealership networks. Rising competition from imported vehicles may put jobs at risk if local production declines. At the same time, new employment opportunities are likely to emerge in vehicle inspection, certification, import logistics, aftermarket services, and spare parts for imported vehicles. Policymakers should proactively plan for worker retraining and redeployment to mitigate social impacts.

Policy-Industry Tensions

The ECC decision may intensify tensions between policymakers and industry stakeholders. PAMA and local assemblers have historically opposed liberalization, citing threats to jobs, investment, and local industry viability. Following the 2025 decision, they may request subsidies, localization incentives, or delays in duty reductions. Policymakers must carefully balance consumer welfare, industrial protection, and trade commitments to ensure a sustainable transition.

Insights from PAMA

To gain practical perspectives on the ECC policy and the reaction of the auto industry, the ICMA Research & Publications (R&P) Department approached the Director General of Pakistan Automotive Manufacturers Association (PAMA), Mr. Abdul Waheed Khan. He informed us that Pakistan's automotive industry has the capacity to meet domestic demand across all vehicle categories. Mr. Khan cautioned that without adequate domestic testing infrastructure and a robust customs valuation system, imported used vehicles could undermine CKD operations. Many of these vehicles lack local backup parts and service support, which may eventually result in increased accumulation of junked vehicles. These insights underscore the importance of effective enforcement, reliable inspection systems, and strategic support for local manufacturers to safeguard industry stability while embracing phased liberalization.

Future Outlook

The ECC 2025 vehicles import policy introduces both risks and opportunities. Market share losses, supply chain disruptions, and employment challenges are real. At the same time, competition can drive modernization, innovation, and integration with global markets. The ultimate impact will depend on how local assemblers respond: those embracing change and investing in quality, technology, and consumer satisfaction are likely to become more competitive, while those relying solely on protection may struggle.

Chapter 6

Impact on Consumers

"Impact on Consumers — Greater Choice, Affordability, and Modernization Ahead"

The ECC 2025 vehicles import policy is expected to have a major impact on consumers in Pakistan. For decades, buyers faced a market with limited choice, high prices, and inconsistent quality. The local automotive industry, dominated by a few large players, operated under strong protection, which discouraged competition and innovation. By allowing the commercial import of vehicles up to five years old with a phased reduction in regulatory duties, the government has opened a pathway for greater affordability, variety, and improved safety standards. This policy could be a turning point for consumers who have long demanded better options.

Short-Term Impact: Limited Relief and Initial Challenges

In the immediate term, consumers are unlikely to see a significant drop in car prices. The 40 percent regulatory duty in the first year keeps the landed cost of imported vehicles high, and exchange rate volatility can further increase costs. Importers may charge a premium while adjusting to the new regulatory framework. Despite these limitations, consumers will benefit from a wider range of vehicles and improved quality compared to many locally assembled models. Imported cars often come equipped with advanced safety features, such as anti-lock braking systems (ABS), multiple airbags, hybrid engines, and better fuel efficiency. These features are likely to raise consumer expectations and indirectly pressure local manufacturers to upgrade their offerings.

Medium-Term Impact: Rising Competition and Improved Choices

As regulatory duties decline by ten percent annually, imported vehicles will become increasingly affordable. By fiscal year 2027–28, when duties fall to 20 percent, consumers are expected to experience tangible relief in prices. The range of available models will expand, particularly benefiting middle-class households, and buyers will have more options to choose from across different price points.

The entry of imported vehicles will enhance consumer bargaining power, as buyers can compare features, safety, and costs between local and imported options. Additionally, the availability of hybrid and fuel-efficient cars will help households manage rising fuel costs and promote environmentally friendly transportation, encouraging a gradual shift toward greener mobility.

Long-Term Impact: Market Transformation and Changing Expectations

By fiscal year 2029–30, when regulatory duties are fully phased out, consumers could enjoy broad access to competitively priced vehicles in a liberalized market. This shift is expected to transform consumer behavior and expectations. Previously, buyers focused heavily on resale value due to limited supply and high prices. With more imports, consumers are likely to prioritize quality, safety, and efficiency over resale considerations. Long-term access to specialized vehicles, including compact urban cars, hybrids, and technologically advanced family vehicles, will further diversify consumer choice and align Pakistan with global automotive trends.

Challenges for Consumers

Despite these benefits, challenges remain. Access to after-sales service, maintenance infrastructure, and spare parts for imported vehicles may initially be limited. There is also the risk of substandard imports if enforcement of safety and environmental standards is weak. Affordability will continue to be a barrier for lower-income households even as duties are reduced. Policymakers will need robust monitoring, certification systems, and infrastructure support to maximize consumer benefits.

Future Outlook

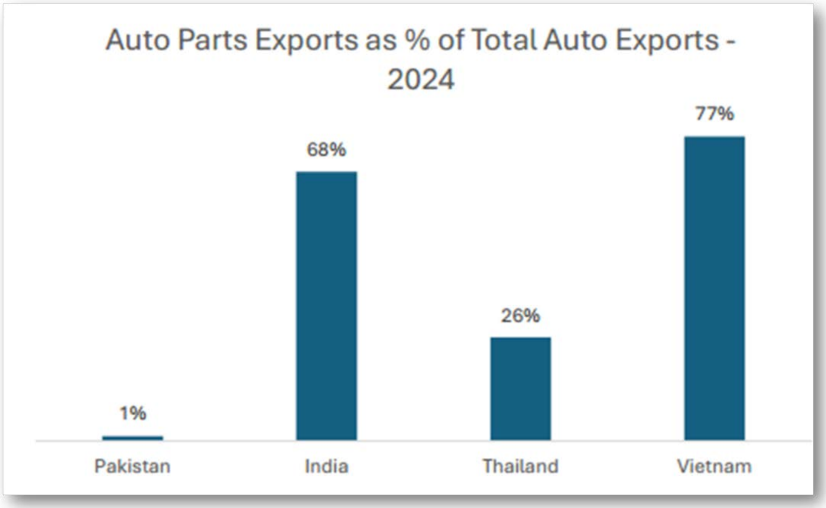
Overall, the ECC 2025 vehicles import policy promises to reshape the consumer landscape over the medium and long term. While immediate price relief will be modest, consumers can look forward to greater choice, higher quality, improved safety, and stronger bargaining power. The gradual reduction of duties will improve affordability, and long-term cultural shifts will encourage buyers to focus on utility, performance, and sustainability rather than resale value alone. The ultimate impact will depend on effective implementation, supporting infrastructure, and economic stability, but if managed well, this policy could mark a new era of consumer empowerment in Pakistan's automotive sector.

Chapter 7

Impact on Spare Parts Industry

"Impact on Spare Parts Industry — Challenges, Adaptation, and New Opportunities"

The auto spare parts industry is one of the most critical segments of Pakistan's automotive ecosystem, supporting local assemblers, repair workshops, dealerships, and consumers. With the ECC 2025 policy permitting the commercial import of used vehicles up to five years old, this sector will experience both challenges and new opportunities across the short, medium, and long term.



Source: PAAPAM

Short-Term Impact: Relative Stability

In the immediate future, the impact on local vendors and spare parts suppliers will remain limited. Local assembly plants will continue production under existing schedules, ensuring steady demand for domestic components. Additionally, imported used cars will arrive gradually due to logistical constraints and customs procedures. For now, vendors supplying seats, batteries, tires, and other locally produced components are unlikely to face sudden declines in orders.

Medium-Term Impact: Growing Pressure

As the annual reduction in regulatory duties makes imported vehicles more affordable, their share in the market will rise. With consumers increasingly opting for used Japanese, Korean, and European cars, demand for locally manufactured parts tied to domestic assembly will weaken. Small and medium enterprises (SMEs) in the vendor sector are especially vulnerable, as their survival depends heavily on stable orders from domestic assemblers.

Imported vehicles also introduce new models and technologies not commonly produced in Pakistan, including hybrid engines and advanced safety systems. Local vendors, who often manufacture conventional components, may struggle to adjust to this shift. Unless they invest in retooling and innovation, many risk losing competitiveness.

However, the Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM), in its recent release titled "Automobile Parts Manufacturing Industry in Pakistan – Roadmap to Develop a Globally Competitive Parts Manufacturing Industry in Pakistan," has strongly cautioned that no auto-producing country allows large-scale imports of used cars, as it directly undermines domestic manufacturing. PAAPAM estimates that Pakistan's vendor industry already loses PKR 60 billion annually in displaced demand, with nearly a quarter of passenger car sales captured by used imports. They argue that this policy will further weaken localization, erode competitiveness, and threaten thousands of jobs.

Long-Term Impact: Transformation and Realignment

By fiscal year 2029–30, when duties on used vehicles are fully phased out, the vendor industry will face a decisive moment. If domestic production shrinks due to rising imports, many traditional vendors could be forced to downsize or exit the market altogether. This could result in significant job losses, particularly among SMEs that lack the capital to diversify.

Yet, opportunities exist for vendors who adapt. The growth of imported vehicles will expand demand for aftermarket parts such as filters, brakes, batteries, and tires. Entrepreneurs who specialize in supplying compatible spares for imported vehicles could capture new markets. Similarly, vendors investing in hybrid and electric vehicle technologies may find long-term growth opportunities as Pakistan gradually transitions towards cleaner transportation.

PAAPAM views the long-term outlook with deep concern, arguing that each imported used vehicle directly replaces a locally assembled one, stripping away demand for tires, wiring harnesses, lamps, seats, and hundreds of other components. With over 300,000 direct jobs linked to local parts manufacturing, they warn that unchecked used imports could trigger widespread job losses and stall industrial growth.

Employment Implications

The vendor industry employs thousands of workers, directly and indirectly. A slowdown in domestic production could lead to reduced employment in factories supplying CKD (completely knocked down) parts. However, new jobs could emerge in areas such as import logistics, aftermarket parts trading, and specialized repair services for imported vehicles. Worker retraining will be crucial to minimize disruption and to prepare labor for emerging segments like EV maintenance and hybrid technology.

PAAPAM emphasizes that employment in the auto parts industry is at serious risk. They argue that liberalizing used car imports not only displaces current jobs but also prevents the creation of new ones, locking Pakistan into a low-tech, low-scale cycle.

Policy and Regulatory Considerations

The ECC's policy highlights a gap in testing and certification infrastructure, which could directly affect the spare parts industry. Without proper quality controls, the local market risks being flooded with substandard or counterfeit spare parts, undermining consumer safety. Policymakers must therefore strengthen standards, enforce regulations, and support vendors in upgrading their capabilities.

PAAPAM also highlights that the surge in used car imports has fueled a parallel informal market worth nearly PKR 160 billion, often financed through hawala channels and undocumented cash sales. This not only drains foreign exchange but also undermines tax compliance. The association argues that such policies contradict Pakistan's "Make in Pakistan" objectives and IMF's emphasis on domestic production. They urge the government to close loopholes, enforce stronger quality checks, and prioritize localization over short-term consumer relief.

Future Outlook

The spare parts industry stands at a crossroads. While many vendors face risks from shrinking domestic assembly volumes, others can seize opportunities in the growing aftermarket for imported vehicles and in the shift towards new automotive technologies. The sector's future will depend on adaptability, innovation, and the extent of government support in building a robust regulatory framework.

Chapter 8

Impact on Financial Services

"Impact on Financial Services — Financing, Innovation, and Market Transformation"

The ECC 2025 decision to allow commercial import of used cars is set to influence Pakistan's financial services sector, particularly auto financing. For years, banks and financial institutions have provided loans primarily for locally assembled vehicles, which have been high-priced due to protectionist policies. The introduction of competitively priced imported cars is likely to reshape lending patterns, product offerings, and consumer behavior.

Short-Term Impact: Limited Uptake and Initial Adjustments

In the initial phase, demand for auto loans may rise modestly as early adopters explore imported cars. However, the first-year 40% regulatory duty, high landed costs, and exchange rate fluctuations will limit affordability for many buyers. Financial institutions may also face initial uncertainty as they adjust to new types of vehicles and financing requirements.

Medium-Term Impact: Rising Demand and Product Innovation

As regulatory duties decline by 10% annually, imported vehicles will become more affordable. Banks and lenders are expected to develop new loan products, revise interest rates, and update risk assessment models. Consumers will gain better access to financing options for imported cars, and competition among lenders may result in more flexible and consumer-friendly terms.

Long-Term Impact: Market Transformation

By fiscal year 2029–30, when duties are fully phased out, financing for imported vehicles could become a major segment of auto lending.
Banks that adapt early will benefit from increased business volumes, while those slow to adjust may lose market share. Exposure to imported vehicle financing will also encourage product innovation, including specialized loans for hybrid or technologically advanced cars.

Future Outlook

The policy presents opportunities for financial institutions to expand business and innovate. Consumers will benefit from greater access to credit and more financing options, while the sector as a whole will evolve to meet changing market dynamics.

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Chapter 9

Impact on Government Tax Revenues

"Impact on Government Revenues — Short-Term Gains, Long-Term Risks, and Opportunities"

The ECC 2025 policy on commercial used car imports has significant implications for government tax revenues. Pakistan's automotive sector has historically been one of the largest contributors to indirect taxes, including customs duties, sales tax, federal excise duty, and withholding taxes. The introduction of commercial imports of used vehicles up to five years old, with a phased reduction in regulatory duties, reshapes this revenue stream in important ways.

Short-Term Revenue Gains

In the initial years, the government expects a boost in customs collections due to the 40 percent regulatory duty imposed on imported used vehicles, in addition to existing levies such as sales tax, income tax at import stage, and the value-added tax on dealers. Since consumers often prefer imported Japanese vehicles despite higher prices, early imports are likely to generate higher per-unit revenue compared to locally assembled vehicles.

Medium-Term Risks of Revenue Decline

As duties reduce by 10 percent annually, the average tax collection per vehicle is expected to decline. By FY 2027–28, when duties fall to 20 percent, the per-unit contribution of used vehicles will be lower. At the same time, reduced demand for locally assembled vehicles may diminish excise and sales tax revenues linked to domestic production. This dual effect—lower customs duty per unit and reduced domestic production—could narrow the overall tax base.

Long-Term Risks and Structural Challenges

By FY 2029–30, when regulatory duties are fully phased out, the government risks losing a substantial portion of revenue previously secured through customs.
If domestic manufacturing continues to shrink under competitive pressure, excise duty and GST on local production will also decline.

This could create a structural fiscal gap, particularly if import volumes slow due to foreign exchange constraints. Over-reliance on volatile import-based taxes will expose the government to external shocks, making long-term fiscal planning more difficult. Unless revenue streams are diversified and production-based taxation is protected, the net fiscal loss could outweigh the initial gains from liberalization.

Shift in Tax Structure

The policy may gradually shift government revenues from production-related levies (excise duty, sales tax on local output) to import-related levies (customs duty, sales tax on imports). While customs duties can provide short-term fiscal relief, reliance on imports carries volatility risks, particularly if exchange rate depreciation or foreign exchange shortages constrain import volumes.

Risk of Under-Invoicing and Evasion

Another challenge is ensuring accurate valuation of imported used vehicles. Pakistan's history with baggage and gift schemes shows how under-invoicing and misdeclaration eroded revenues. Although the government has introduced pre-shipment inspection certificates, the absence of robust local testing and verification facilities could still leave loopholes for manipulation. Unless customs enforcement is strengthened, the expected revenue benefits may be undermined by evasion.

Opportunities for Revenue Diversification

The policy also creates new opportunities to broaden the revenue base. For example, inspection and certification services for imported vehicles can generate fee-based income, while expansion in after-market services (spare parts, maintenance, and repairs) will contribute to GST collections. Moreover, if competition encourages higher sales volumes overall, the net impact could be partially revenue-neutral in the medium term.

Future Outlook

The ECC 2025 policy is likely to increase government tax revenues in the short term but poses medium- to long-term risks of revenue contraction as duties are lowered and local production declines. Policymakers will need to carefully monitor the balance between customs collections and production-related taxes, while closing loopholes that enable evasion. Strengthening valuation mechanisms, customs enforcement, and after-market taxation will be essential to sustain revenues in this new trade environment.

Chapter 10

Impact on Foreign Exchange

"From Initial FX Pressures to Long-Term Stability"

The ECC's 2025 decision to allow commercial import of used cars up to five years old is expected to have a significant impact on Pakistan's foreign exchange (FX) reserves. Vehicle imports involve substantial foreign currency outflows, and the phased reduction of regulatory duties will influence both the volume of imports and the timing of FX demand. Understanding these effects is crucial for assessing potential pressures on the balance of payments and currency stability.

Short-Term Impact: Initial FX Pressure

In the immediate aftermath of the policy, FX demand may rise modestly. High duties in the first year (40% RD) and the initial cost of imports will limit the number of vehicles brought in, moderating FX outflows. However, early adopters paying for imports in foreign currency may create localized pressure on reserves. Exchange rate fluctuations could also affect landed costs, indirectly influencing FX demand.

Medium-Term Impact: Increasing Outflows

As regulatory duties decline by 10% annually, imported vehicles will become increasingly affordable. By FY 2027–28, when RD falls to 20%, imports are expected to rise significantly. This increase could lead to higher FX outflows, especially if a large number of consumers and dealers take advantage of lower duties. At the same time, the domestic industry may face pressure to compete, which could slow local production but increase demand for foreign-made components and vehicles, further affecting FX.

Long-Term Impact: Structural FX Adjustments

By FY 2029–30, when RD is fully phased out, commercial car imports may peak, leading to sustained FX demand. However, the policy also has the potential to generate indirect FX benefits over time. Imported vehicles, especially fuel-efficient models, can reduce overall fuel consumption, lowering oil import bills. Additionally, a more competitive automotive sector may attract foreign investment, partnerships, and technology transfer, which can contribute positively to FX inflows.

Future Outlook

The ECC's 2025 policy introduces both challenges and opportunities for Pakistan's foreign exchange management. In the short term, FX pressure is limited due to high duties and import lags. In the medium term, rising imports could increase outflows, requiring careful monitoring. In the long term, efficiency gains, foreign investment, and a more competitive market may help balance FX impacts. Effective regulation and phased liberalization are key to managing the trade-offs between consumer access, local industry protection, and FX stability.

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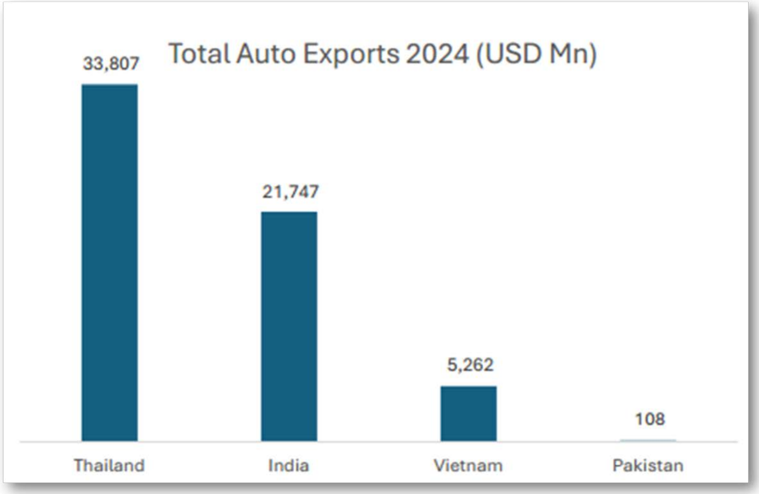
Chapter 11

Impact on Trade

"Impact on Foreign Exchange — Managing Outflows and Future Opportunities"

The ECC's 2025 decision to allow commercial import of used cars up to five years old is expected to influence Pakistan's trade dynamics, particularly in the automotive sector. By formally recognizing commercial imports, the policy alters both the structure of imports and the competitive environment for domestic manufacturers. Understanding its implications on trade is essential for assessing Pakistan's balance of payments, competitiveness, and integration with global markets.



Source: PAAPAM

Short-Term Impact: Shifts in Import Composition

In the initial phase, imports of used vehicles will likely be limited by high regulatory duties (40% RD in FY 2025–26) and exchange rate factors. However, even a modest influx of imported cars can diversify the market, bringing in small, fuel-efficient, and technologically advanced models. This shift may temporarily reduce reliance on domestic production for certain segments, affecting local market shares but expanding consumer choice.

Medium-Term Impact: Growing Import Volumes and Trade Pressure

As duties decline by 10% annually, imported vehicles will become increasingly competitive relative to locally assembled cars. By FY 2027–28, imports are expected to rise sharply, potentially increasing Pakistan's overall automotive import bill. The surge could create trade pressure if exports do not grow proportionally. At the same time, the policy may encourage local assemblers to improve quality, adopt advanced technologies, and explore export opportunities to offset competition from imports.

Long-Term Impact: Integration and Competitiveness

By FY 2029–30, when regulatory duties are fully phased out, Pakistan's automotive trade landscape may be transformed. Domestic manufacturers exposed to international competition will need to enhance efficiency, quality, and cost-effectiveness. This environment could encourage greater integration into regional and global supply chains, boosting the potential for automotive exports. Additionally, consumers may increasingly demand vehicles that meet international safety and environmental standards, indirectly influencing trade patterns and market expectations.

Future Outlook

The ECC's 2025 commercial car import policy is poised to reshape Pakistan's trade landscape in the automotive sector. In the short term, modest import inflows diversify the market. Medium-term liberalization increases import volumes, creating trade pressures but also incentives for domestic competitiveness. In the long term, exposure to global competition can drive quality, efficiency, and potential exports, aligning Pakistan with regional and international automotive markets. The policy underscores the need for strategic trade planning to balance imports, domestic industry growth, and export opportunities.

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Chapter 12

Impact on Balance of Payments

"Impact on Balance of Payments — Managing Pressures While Unlocking Long-Term Benefits"

The ECC's 2025 decision to allow commercial imports of used cars up to five years old will have a notable impact on Pakistan's balance of payments (BoP). Vehicle imports affect the current account through foreign currency outflows, while changes in domestic industry performance and export potential influence both the current and capital accounts. Understanding these effects is essential to assess the policy's broader macroeconomic implications.

Short-Term Impact: Limited Immediate Effect

In the first year, high regulatory duties (40% RD) and logistical delays will keep import volumes relatively low. As a result, the immediate pressure on the current account will be moderate. Consumers will face higher landed costs for imported vehicles due to duties and exchange rate factors, which also cushions domestic manufacturers. While imports generate some foreign currency outflows, registration fees, and taxes provide minor offsets to the fiscal account.

Medium-Term Impact: Rising Current Account Pressure

As regulatory duties decline by 10% annually, imported cars will become more affordable, leading to higher volumes. By FY 2027–28, increased import payments could put noticeable pressure on the current account, especially if exports or remittances do not rise proportionally. At the same time, domestic production may decline in response to rising competition, which could affect local exports of automotive components and related goods.

Long-Term Impact: Structural Adjustments and Opportunities

By FY 2029–30, when regulatory duties are fully phased out, Pakistan could face sustained import-driven pressure on the current account. However, long-term benefits may offset some of these risks. Exposure to competition could encourage domestic assemblers to modernize, improve quality, and explore export markets. Additionally, imported vehicles tend to be more fuel-efficient and durable, which could reduce overall foreign currency demand for fuel and maintenance over time.

Potential Impact on Remittances

Overseas Pakistanis may use a portion of their remittances to finance commercial used car imports under the ECC 2025 policy. While this could slightly increase foreign currency outflows for vehicles, the overall remittance inflows are expected to remain stable, continuing to support household consumption and savings.

Future Outlook

The phased policy balances short-term BoP pressures with long-term opportunities. Imports may rise gradually, but modernization, potential exports, and efficiency gains could offset pressures. Monitoring, complementary fiscal measures, and strategic planning will be key to maximizing benefits while maintaining macroeconomic stability.

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Chapter 13

Impact on Environment and Sustainability

"Impact on Environment — Cleaner Vehicles, Efficiency, and Sustainable Mobility"

The ECC's 2025 decision to allow commercial imports of used vehicles has important environmental and sustainability implications for Pakistan. The transportation sector already contributes significantly to greenhouse gas emissions, urban air pollution, and fuel consumption. How this policy is implemented will determine whether it supports cleaner mobility or increases environmental pressures.

Vehicle Emissions and Air Quality

Urban centers such as Karachi, Lahore, and Islamabad experience severe air pollution, much of it caused by vehicle emissions. Imported used cars that meet higher environmental standards, such as Euro IV or Euro V compliant vehicles from Japan, can help reduce average emissions in the national fleet. However, weak enforcement could allow non-compliant or refurbished vehicles to enter the market, worsening pollution and undermining climate targets.

Fuel Efficiency and Energy Security

Many imported used vehicles, particularly hybrids, are more fuel-efficient than locally assembled cars. A shift toward such vehicles can lower household fuel expenses and reduce Pakistan's petroleum import bill, supporting energy security and foreign exchange conservation. Even small improvements in fleet-wide fuel efficiency can have meaningful economic and environmental benefits.

Climate Commitments and Clean Technology

As part of its Nationally Determined Contributions under the Paris Agreement, Pakistan aims to reduce carbon emissions, with transportation being a key focus.

Opening the market to cleaner used vehicles can facilitate the gradual adoption of hybrid and electric vehicles, encouraging the development of charging infrastructure and promoting sustainable mobility.

Risks of Environmental Neglect

If the policy results in the import of large numbers of conventional, fuel-intensive vehicles, environmental outcomes could be negative. Higher vehicle density without strict emissions standards may increase congestion, fuel consumption, and urban pollution, offsetting potential benefits.

Ensuring Environmental Benefits

To realize sustainability gains, strict enforcement of emissions and safety standards is essential. Import inspections, market monitoring, and consumer awareness campaigns can help ensure that only compliant, fuel-efficient, and cleaner vehicles enter the market. These measures will safeguard air quality, reduce fossil fuel demand, and align the automotive sector with Pakistan's climate commitments.

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Chapter 14

Lessons from International Experiences

"Lessons from International Experiences — Policy Balance, Compliance, and Sustainability"

As Pakistan considers reopening the commercial import of used vehicles in 2025, examining the policies of other nations provides valuable insights. Different countries have implemented various strategies to balance consumer demand, environmental concerns, and industrial priorities.

Bangladesh

Bangladesh permits the import of used cars under specific conditions to balance consumer demand with quality control and revenue generation. As of June 2025, vehicles must be no more than four years old, imported directly from the country of origin, and accompanied by a previous registration or de-registration certificate. The importation process involves customs duties, VAT, and mandatory inspections to ensure compliance with national standards.

(Source: Bangladesh Customs, National Board of Revenue (NBR))

Sri Lanka

Sri Lanka lifted its five-year ban on private car and motorcycle imports in February 2025, allowing personal use vehicle imports under specific conditions. Individuals are permitted to import one vehicle per year, provided they use a registered vehicle importer. This phased reopening aims to stabilize the market and manage foreign exchange reserves while meeting consumer demand.

(Source: Sri Lanka Customs, Department of Motor Traffic)

India

India enforces stringent regulations on the importation of used vehicles to protect its domestic automotive industry and ensure compliance with safety and environmental standards. As of 2024, used vehicles must be under three years old, right-hand drive, and meet specific engine capacity restrictions. The import process involves extensive documentation, high import duties (up to 125% for used cars), and mandatory compliance testing. Additionally, a minimum roadworthiness period of five years is required from the date of importation.

(Source: Directorate General of Foreign Trade (DGFT), Ministry of Road Transport & Highways (MoRTH), India)

Kenya

Kenya has implemented a controlled liberalization approach to used car imports, aiming to balance affordability with environmental and safety considerations. As of July 2025, only vehicles manufactured from July 2018 onward are eligible for import, effectively enforcing a rolling seven-year age limit. This policy is designed to improve air quality, reduce reliance on older vehicles, and support local vehicle assembly. Importers must comply with pre-export inspection requirements and domestic roadworthiness certification.

(Source: Kenya Revenue Authority (KRA), Kenya Bureau of Standards (KEBS)

South Africa

South Africa restricts used car imports to protect its domestic automotive manufacturing sector. Importation is generally allowed only under specific circumstances, such as for returning nationals or immigrants with permanent residence status. These individuals may import one vehicle per family, subject to compliance with import duties and VAT. The importation process requires obtaining a permit and adhering to documentation requirements.

(Source: South African Revenue Service (SARS), Department of Trade, Industry and Competition (DTIC))

Nigeria

Nigeria has tightened its used vehicle import regulations to reduce the influx of older, potentially polluting cars. As of May 2025, only vehicles manufactured in 2015 or later are eligible for import without facing punitive duties. Vehicles older than 10 years are either barred or subjected to heavy import penalties. The import process requires specific documentation, including a bill of lading, bill of entry, marine insurance, and evidence of VAT payment.

(Source: Nigeria Customs Service (NCS))

Philippines

The Philippines permits used car imports under strict administrative controls. Only qualified individuals may import used vehicles, and they must secure a Certificate of Authority to Import (CAI) from the Fair-Trade Enforcement Bureau (FTEB) of the Department of Trade and Industry (DTI) before the actual importation. Imported vehicles are subject to a 40% customs duty, 10% VAT, and an ad valorem tax ranging from 15% to 100%, depending on the vehicle's piston displacement.

(Source: Bureau of Customs, Department of Trade and Industry (DTI), Philippines)

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Lessons for Pakistan

Compliance Standards

Implementing stringent homologation, emissions, and roadworthiness checks can effectively prevent the entry of substandard vehicles, as seen in India.

Age Restrictions

Countries like Kenya and Bangladesh have implemented age caps to balance consumer access to affordable cars with environmental and safety considerations

Fiscal Measures

Layered duties and taxes influence importer behavior and need careful modeling to achieve desired policy goals, demonstrated by Nigeria's punitive duties on older vehicles.

Policy Predictability

Avoiding abrupt bans and implementing clear timelines build market confidence and policy credibility, as shown by Sri Lanka's phased reopening.

Environmental Alignment

Preferential treatment for hybrids and electric vehicles can reduce oil imports and promote a greener fleet, aligning with Kenya's focus on newer, cleaner vehicles.

Administrative Enforcement

Permit and certificate systems are effective when customs and inspection agencies are resourced and transparent, exemplified by the Philippines' administrative controls.

Chapter 15

Overall Impacts of ECC 2025 Policy

"Overall Impacts — Driving Change Across Consumers, Industry, and Environment"

The ECC's September 2025 decision to allow commercial imports of used cars up to five years old marks an important change in Pakistan's automotive policy. This phased and regulated approach aims to balance consumer benefits, domestic industry protection, fiscal needs, and environmental sustainability.

Benefits for Consumers

Consumers will gain access to a wider range of vehicles, better safety standards, and improved quality. While initial high duties may limit immediate affordability, the gradual reduction in tariffs will make cars more accessible over time. Importing fuel-efficient and hybrid vehicles can also promote energy savings and environmentally conscious choices.

Implications for Domestic Industry

The domestic automotive sector faces both challenges and opportunities. Increased competition may pressure local manufacturers to upgrade quality, adopt modern technologies, and innovate. Firms that adapt successfully can strengthen their market position, while slower-moving players may face consolidation.

Vendor and Spare Parts Sector

Demand for locally manufactured parts may decline as imported cars increase. Vendors who pivot to supply aftermarket parts for imported vehicles or invest in hybrid and electric vehicle technologies can find new opportunities. Those who do not adapt may face financial pressures.

Financial Services and Auto Financing

Auto financing is expected to grow as imported cars gain popularity. Over time, demand for loans will increase, leading to innovative financing products, competitive interest rates, and broader access to credit, especially for hybrid and electric vehicles.

Environmental Considerations

Transportation contributes significantly to pollution and greenhouse gas emissions. Strict enforcement of emission and safety standards is crucial to prevent environmental damage. Encouraging hybrid and electric vehicles can reduce emissions, fuel consumption, and support Pakistan's climate goals.

Lessons from International Experiences

Global examples offer practical guidance:

- **Age limits and inspections:** Kenya, Bangladesh, and India show that age caps and roadworthiness checks maintain quality.
- **Fiscal measures:** Layered duties in Bangladesh and Nigeria influence importer behavior and protect domestic industry.
- **Predictability:** Phased and clear policies, as in Sri Lanka, reduce market disruptions.
- **Administrative enforcement:** Permit systems in South Africa and the Philippines ensure compliance while allowing legitimate imports.

Moving Forward

The policy's success depends on strong enforcement, continuous monitoring, and engagement with stakeholders. Complementary measures—such as enforcing age limits, promoting cleaner technologies, and supporting domestic industry modernization—will help ensure that the ECC 2025 decision strengthens Pakistan's automotive ecosystem, benefits consumers, and promotes sustainable growth.

Chapter 16

ICMA Policy Recommendations

"Policy Recommendations — Driving a Balanced and Sustainable Automotive Future"

To ensure that the ECC 2025 decision delivers its intended benefits while mitigating potential risks, the following practical recommendations are suggested for government consideration:

1) Enforce Age Limits and Technical Compliance

Restrict imports to vehicles up to five years old, in line with the ECC decision, and ensure strict adherence to safety and environmental standards. Pre-export inspections and in-country verification of roadworthiness should be mandatory to prevent entry of substandard or high-emission vehicles.

2) Promote Cleaner and Fuel-Efficient Vehicles

Encourage the import of hybrid and electric vehicles by offering regulatory incentives such as reduced compliance fees or simplified approval processes. This will support energy efficiency, reduce urban pollution, and align the automotive sector with Pakistan's climate commitments.

3) Support Domestic Industry Without Subsidies

Direct subsidies are restricted by IMF; however, the local auto assemblers can be supported through:

- Tax credits linked to production and employment retention.
- Incentives for research and development to improve technology and quality.
- Assistance in modernizing production facilities to meet international standards.

These measures help local firms remain competitive and adapt to increased import competition.

4) Strengthen Vendor and Spare Parts Sector

Facilitate the transition of vendors and parts suppliers to support imported, hybrid, and electric vehicles. Training programs, technical assistance, and information on aftermarket opportunities can help vendors maintain relevance and profitability.

5) Enhance Financial Services and Auto Financing

Encourage banks and financial institutions to develop flexible financing products for imported vehicles, particularly for hybrid and electric models. Transparent credit guidelines and competitive rates will expand access for consumers and stimulate the automotive market.

6) Implement Transparent and Phased Fiscal Measures

Maintain a predictable schedule for regulatory duties and taxes to prevent market shocks. Layered duties can be adjusted based on vehicle type, age, and environmental standards to balance consumer affordability, revenue generation, and industrial protection.

7) Strengthen Monitoring and Enforcement

Establish clear enforcement mechanisms across customs, inspection, and regulatory agencies. Robust monitoring is essential to ensure compliance with age, emission, and safety standards, while preventing smuggling and informal imports.

8) Leverage International Lessons

Adopt best practices from other countries:

- Age caps and inspections (Kenya, Bangladesh, India) to maintain quality.
- Fiscal measures (Nigeria, Bangladesh) to influence importer behavior.
- Phased, predictable policy (Sri Lanka) to build market confidence.
- Permit-based administrative controls (South Africa, Philippines) to ensure compliance without stifling legitimate trade.

Moving Forward

Implementing these recommendations will require coordination among government agencies, the automotive industry, financial institutions, and environmental authorities. A balanced, phased approach, combined with continuous monitoring and stakeholder engagement, can maximize consumer benefits, support domestic industry, enhance fiscal management, and ensure environmental sustainability.

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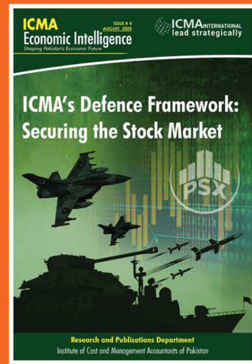

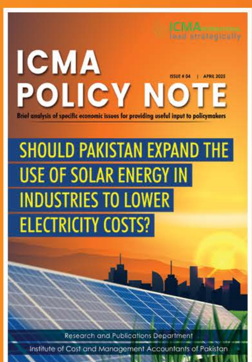

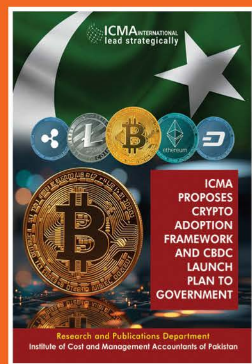

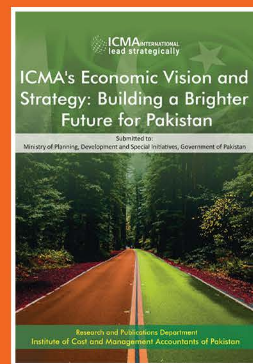

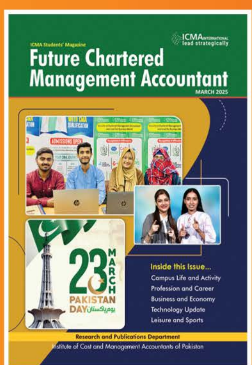

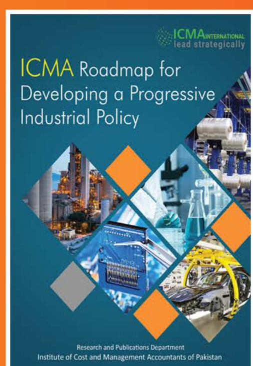

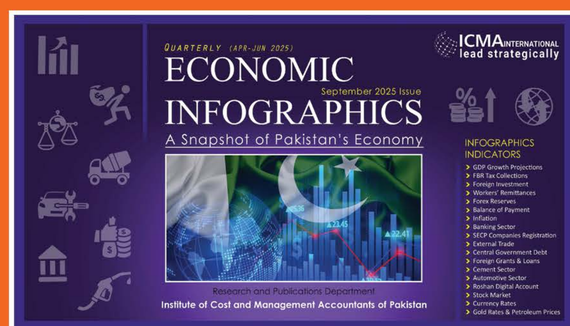

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