

CEAFP 00126/5/2019

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To,
Dr. Abdul Hafeez Shaikh
Advisor to PM on Finance, Revenue and Economic Affairs
Ministry of Finance, Islamabad.

Budget suggestions for used car industry 2019-20

The aim of under mentioned suggestions is to bring a win-win situation for all stake holders, Growth in revenue up to 2000, reducing oil import, reducing environmental losses and documenting the economy.

1. SRO 52 (1) 2019 should be made null & void.
1.1 All SRO's should come into effect after 90 days from date of issued not fortnight.
2. Amnesty should be granted to automobile sector like all other sectors of economy.
3. A Non filer can register locally assembled car, similar status should be granted to imported cars
4. Import of used car should be given status of industry.
4.1 Used car import contributed 96.3B PKR in GDP which is 2nd highest after oil sector. It can be projected to 200B PKR subject to import policy.
5. Pakistan automotive trade import board (PAIB) should be constituted.
5.1 Under the umbrella of PAIB Import permit or quota system should be introduced which will enhance Government earning up to \$50M/annum other than taxes & duties.
6. In addition to present import facility for overseas Pakistani (gift, baggage & TR), regular or commercial import of used vehicle should also be granted.
7. Letter of credit (LC) or Documents against payment (DP) and telegraphic transfer (TT) should be made compulsory for import of used cars which will enhance tax collection.
8. Special import permit should be granted with age restriction of up to 10 years old for ambulances, school buses, fire tenders, buses and cars for disabled persons which will be Non-transferable for 15 years from date of import with special number plate status.
9. To enhance FDI from overseas Pakistanis in this sector, Pakistan Car re-exporting zone (PCREZ) must be formed similar to DUCAMZ Dubai, UAE. It is important to mention that such economic zone played a vital role in developing the economy of UAE in 90's.
9.1 This will increase the foreign reserves in the country.
9.2 OBOR (CPEC) can be used to reach different used car markets.
9.3 Growth in Financial sector, tourism sector and employment ratio can be improved.

10. The duty tariff should be reduced for eco-friendly and hybrid cars. Import of eco-friendly vehicle (hybrid, semi hybrid and electric) will have the following economic impacts:

10.1 *Reduce oil import bill up-to \$2B*

10.2 *Environmental economic losses which are currently 365B PKR / year, 30% reduction can made on this account.*

10.3 *In Pakistan, more than 30% vehicles consume natural gas as fuel, the burning issue of Energy crisis can be addressed by introducing hybrid and electric vehicles.*

11. Age restriction for cars and Buses/Vans should be increased from 3 to 5 years & 5 to 7 years respectively.

12. Rate of depreciation on 1800 cc above cars must be reverted to 2% from 1%.

13. To enhance Pakistan Remittance Initiative (PRI) from \$20B to \$30B, Custom credit point system should be introduced which will also be adjustable with car duties, For example:

Amount Remitted	\$10,000	\$25,000	\$50,000	\$100,000
Duty credit in Rupees	30,000 Rs.	60,000 Rs.	100,000 Rs	220,000 Rs

CEAFP will voluntarily assist authorities in formulating import policy, documenting technical data and bring FDI from Overseas Pakistanis.

Pakistan Zindabad.

Arshad Mehmood Awan
Chairman

Copy to:-

1. Prime Minister Secretariat
2. Ministry of Commerce & Textile (Commerce Division)
3. Chairman FBR
4. Chairman Standing committee On Commerce & Textile
5. Embassy of Islamic Republic of Pakistan, Tokyo Japan.