

# Pakistan Automotive Industry

## An overview and history

Pakistan's automotive industry is the one of the fastest growing industries of the country, accounting for 4% of Pakistan's GDP and employing a workforce of over 1,800,000 people. Currently there are 3200 automotive manufacturing plants in the country, with an investment of Rs. 92 billion (US\$880 million) producing 1.8 million motorcycles and 200,000 vehicles annually. Its contribution to the national exchequer is nearly Rs. 50 billion (US\$480 million). The sector, as a whole, provides employment to 3.5 million people and plays a pivotal role in promoting the growth of the vendor industry. Pakistan's auto market is considered among the smallest, but fastest growing in South Asia. Over 180,000 cars were sold in the fiscal year 2014-15, rising to 206,777 units fiscal year 2015-16. At present, the auto market is dominated by Honda, Toyota and Suzuki. However on 19 March 2016, Pakistan passed the "Auto Policy 2016-21", which offers tax incentives to new automakers to establish manufacturing plants in the country. In response, Renault-Nissan, Kia Motors, Audi, Volkswagen and Hyundai have expressed interest in entering the Pakistani market. Recently category-A Greenfield investment status has been granted to four auto investors i.e Nishat Motor (Pvt) Ltd., for Hyundai vehicles, Kia



Lucky Motors Pakistan Ltd., for KIA vehicles, Regal Automobiles Industries Ltd., for DFSK LVC's and United Motors (Pvt) Ltd., while more the 5 new investors are waiting for approval from ministry of industries. Pakistan has not enforced any automotive safety standards or model upgrade policies. Obsolete vehicles including the Mehran, Bolan, and Ravi continue to be sold by Pak Suzuki.

### History

#### 1950s

Pakistan produced its first vehicle in 1953 at the National Motors plant in Karachi, according to the Ministry of Industries & Production. The plant was opened in conjunction with General Motors who arranged the facilities for the production of Vauxhall cars and Bedford trucks. Subsequently, buses, light trucks and cars would be assembled at the same plant. In the same year, Ford trucks partnered with Ali Automobiles where





they introduced Ford Anglia, Ford pickups and the Ford Kombi.

Exide Pakistan also began production of car batteries in 1953. Haroon Industries partnered with Dodge Motors in 1956.

### 1960s

In 1961, Allwin Engineering introduced precision auto parts to the Pakistani auto market. In 1962, Lambretta partnered with Wazir Ali Engineering to begin production of the Lambretta TV200 scooter while Kandawala Industries introduced Jeep CJ 5, CJ 6, CJ 7.

In 1963, General Tyre Pakistan began production in Karachi while Hye Sons began production of Mack Trucks.

In 1964, Rana Tractors began producing Massey Ferguson Tractors while the famous Vespa scooter and rickshaw were introduced by Raja Auto Cars. In 1965, Jaffer Industries and Mannoo Motors began operations.

### 1970s

The 1970s saw nationalization of many companies. In 1972, the Pakistan Automobile Corporation or PACO was formed. Many companies were bought out or merged into others.

Wazir Ali Engineering was renamed to Sindh Engineering, Ali Autos to Awami Autos, Haroon Industries to Republic Motors, Ghandara Motors to National Motors, Hye Sons to Mack Trucks, Kandawala Industries to Naya Daur Motors, Jaffer Industries to Trailer Development Corporation and Rana Tractor to Millat Tractor. Dawood Yamaha introduced Yamaha motorcycles in 1974, and in the same year Beta Engineering started producing diesel engines. In 1976 Suzuki Motor Cycle launched by Sindh Engineering. Saif Nadeem Kawasaki launched Kawasaki motorcycles in 1977 while Suzuki Jeep was manufactured by Naya Daur Motors.

### 1980s

In 1980, Awami Motors began manufactured Suzuki pickups while Sindh Engineering began producing Mazda Trucks. In 1981, Agri auto Industries introduced production of local auto parts while in 1982, Suzuki began production of vehicles. In 1983, the Vendor Development & Technical Cell or VDTC was formed along with Al-Ghazi Tractors which was introduced by Fiat.

In 1986, Hinopak Motors began as a

joint venture between PACO, Al-Futtaim, Hino Motors & TTC. In 1987, Ghandara Nissan began production of Nissan Diesel Trucks.

In 1989, Pakistan Association of Auto Parts & Accessories Manufacturers (Paapam) began operation.

### 1990s

The industry was highly regulated until the early 1990s. Following deregulation, the decade witnessed a huge boom in auto production, as nationalization was abandoned in favor of privatization. Japan acquired the 40% shares of Pak Suzuki in 1991.

In 1993, the Indus Motor Company began production of Toyota Corollas. In 1994, the Pakistan Automotive Manufacturer Association formed, and Honda Atlas introduced manufacturing of the Honda Civic.

In 1995, the Engineering Development Board inaugurated the PAP show.

### 2000s

From 2001-02, some Pakistani importers started import of Chinese CBU bikes in Karachi, due to custom duty cut by Finance minister Shaukat Aziz after 2 decades and Chinese firms also made copy of small Japanese bikes specially famous of HONDA CD70, in the same period 5 Karachi based units start local assembling of CD70 Replica these were GUANGTA SITARA, ROCKET, JINAN, SUPER STAR, & STAR.

From 2002 to 2007, auto sales reached record sales year after year, reaching a peak of 195,688 sales in 2007, thanks to rising car financing up to 70-80% by banks and low interest rates coupled with rising rural purchases. From 2007 to 2009, the auto sector witnessed reduce sales amid high interest rates and Yen appreciation against the Rupee. In 2007, the automotive industry made up 2.8% of Pakistan's GDP and contributed 16% to the manufacturing sector.

The 2000s also saw the introduction of dual fuel options to run both on Petrol and CNG, which is more affordable and cheaper than petrol in the country. 2010-present From 2010, many small auto units of bikes closed due to stiff competition between the Assemblers but still some Assemblers applied for the approval to start assembly, Currently 3 Japanese, and 7 Chinese Assemblers are making profits while 40+ units are not in good position. In

2010 the sales rebounded and began increasing again.

The auto industry predicted a growing demand in Pakistan and invested over Rs20 billion during this decade. Motorcycle production hit a record level of over 1.5 million units in 2010-2011.

In 2015, the Auto Policy 2016-21 was introduced, to help introduce new entrants into the Pakistan auto industry, which has traditionally been dominated by Honda, Toyota and Suzuki.

Recently Suzuki, Toyota and Honda have introduced new model of sedan and SUV's vehicles while Suzuki introduce some imported model of sedan cars in Pakistan.

Atlas Honda, Pak Suzuki and Yamaha have introduced heavy bikes new model while many local bike assemblers have also introduced heavy bikes with the collaboration with Chinese counterpart.

The auto industry remains the second largest payer of indirect taxes after the petroleum industry in Pakistan.

In recent years few new Chinese commercial vehicles firms establish auto business in Pakistan, Dysin Automobile introduced Sinotruk and Zhong Tong luxury intercity buses while Master Motors introduced and started assembling of Yutong luxury intercity buses, Hinopak also introduced Kazay luxury buses and Afzal Motors have started assembly of Daewoo intercity buses.

At present, there are 10 cars for every 1000 people in Pakistan. This is one of the lowest ratios among emerging economies, which itself speaks of high potential of growth.

Rising per capita income with changing demographic distribution and an anticipated influx of 30 to 40 million young people in the economically active workforce in the next decade will provide a stimulus to the industry to ex-pand and grow.

### Active manufacturers

Honda, Suzuki, Indus Motors, Al Haj FAW, Ghandhara, Ghandhara Nissan Hinopak Motors, Master Motors, Volvo Pakistan Afzal Motors, Al-Ghazi, Millat Tractor, Orient, Atlas Honda, Yamaha Pakistan, United, Unique, Super Star, Super Power, Road Prince, Crown, DYL, Fateh, Ghani, Plum Qingqi, Omega Industries, Raazy, Ravi, Sazgar, Sohrab, Super Asia Motors.

Source: Wikipedia