

PAMADA seeks action against used car importers

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ISLAMABAD: Pakistan Automobile Manufacturers Assemblers Dealers Association (PAMADA) has urged the government to take action against used car importers for allegedly misusing different schemes not meant for the overseas Pakistanis.

Talking to Business Recorder, President PAMADA Iqbal Shah claimed that the Association has time and again requested the government to nab used car importers as they are damaging the national economy and local auto industry by importing used cars through misusing schemes of personal baggage, gift and transfer of residence but nothing concrete has been done to stop illegal import of used cars in the country.

Criticising the 'trader mafia' for promoting fraudulent means to evade taxes and duties, he said that thousands of used cars imported in Pakistan have inflicted a loss of billions of rupees on the national exchequer.

"Due to undervaluation [or under assessment] of duties and taxes, used car industry, or importers, have greatly benefited while the cost of this damage is

being paid by the local auto industry and the youth in the shape of growing unemployment," he said. As per some estimates, the government has lost Rs.16.5 billion revenue due to import of used cars in the year 2012 alone, he said, adding that SRO-577 valuation needs revision as the values fixed by Customs are over 200% lower than normal import duty causing losses of billions of rupees annually.

Rejecting the claims of used cars importers about contribution to national economy, Shah said that a used car contributes almost 50 percent less than a similar new car made in Pakistan in terms of taxes and duties while the used cars' contribution in terms of employment is negligible as opposed to the local auto and allied industries which employ around 1.5 million people.

Praising the Customs department for initiating a move against used car importers by not clearing used vehicles over 3 years of age, he said "It is very encouraging that the customs has stopped the clearance of used imported vehicles which are above the limit allowed by the government for used cars and we hope that they will further

tighten the noose around importer mafia." He claimed that now used car importers are again trying to blackmail Customs authorities by importing over 3 year old vehicles which has clearly not been allowed since December 15, 2012.

Local auto industry saves more foreign exchange as it spends on average \$4600 to import one CKD unit against the \$9800 spent on one used car unit and that too transmitted through illegal means, which means the government is losing \$5000 in terms of foreign exchange on each imported car, he claimed. President PAMADA further added that the government should completely ban the import of used cars in order to support the local auto industry because it will create huge employment opportunities.

Moreover, he requested the government to fulfill its promise regarding removal of 10 percent FED, and added that despite assurances by Ministry of Finance for removal of FED on vehicles no action has been taken so far in this regard. This duty is not only hurting the consumers and the industry.