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PAMA voices concern over used cars import

RECORDER REPORT

KARACHI: Serious concern has been expressed, at the raging pace of import of used cars, by Pakistan Automotive Manufacturers Association (PAMA) which considers it "violation of import policy."

Director General, PAMA in a statement issued, here on Monday said that in the first half of outgoing year (2013) the figure was 5,512 units and in the second half the figure has almost doubled to 11,314 units for which there was no apparent justification except massive abuse of the facility by the traders.

The import and detention, at the port, of over one thousand units of cars, with more than permissible age limit, is a case in point that whereas only this much have been detained may more such offending vehicles might have been released in the past.

"Local industry has been highlighting the abuse of the schemes meant for overseas Pakistanis but unfortunately no action has so far been taken against the unscrupulous importers who have continued with their illegal activities unchecked. Regrettably, now they have crossed all limits by in one go importing one thousand overage cars in blatant violation of the law. All such offending vehicles must be confiscated forthwith and criminal cases be instituted against the offenders of the law," he said.

He shared that over 12,000 all types of used vehicles were imported during first half of FY 2014 which is over 12 percent of the total market. As there is partial exemption in duty and taxes available to used cars the huge volume of imports has deprived government of over Rs seven billion in duty/taxes due to lower duty fixed as per SRO 577 back in 2005. It is an irony that there is much higher amount of duty on a locally manufactured car than a comparable imported used car.

"It's going to be a decade now since the amount of duty on used vehicles was fixed in SRO577; world has changed since in terms of vehicle technology, rise in the prices of steel, aluminum, rubber and plastics and the vehicle prices have also gone up globally; the contents of the SRO reflecting amount of duty has remained unchanged, notwithstanding," he bemoaned.

The local industry is offering brand new vehicles at the most competitive prices with complete warrantee and comprehensive after sales support thereby protecting consumer interests. In the process, the local industry provides more than 1.3 million jobs directly and indirectly and makes 2.8 percent contribution to the GDP. Industry continues to make sizeable investments in introducing new models which stands at staggering Rs 92 billion. All this translates into over Rs 80 billion annually in tax revenue to the national exchequer which would go up further with increase in the volumes.

The industry is deeply concerned over these imports which are in violation of the law and appreciates FBR and the Customs authorities for not clearing the over age vehicles. Such used vehicles are neither in the interest of the consumer nor in the economy in general as it costs excessively to the economy to maintain such vehicles which have spent their prime life overseas and they would soon end up in the junkyard. Already government continues to allow up to five years old luxury vehicles mostly luxury SUV like Land Cruisers which also have fixed lower duty and thus deprive the government of revenues.

The auto industry of the county is a victim of uncertainty since 2008 due to government policies often changing and therefore has not revived yet. The industry's revival and huge investment that is linked therewith is waiting for a long term stable policy by the government. But it is for the authorities to understand that manufacturing and trading cannot coexist and that often repeated episodes of gratifying the traders with the booty of liberalized used car policy will ruin the industry, the Director General PAMA said.