Pakistan Automotive Manufacturers Association
PAMA

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Mian Muhammad Shehbaz Sharif
Honorable Prime Minister of Pakistan
Islamabad

PAMA/ 067/ 2026
August 3rd 2026

Subject: Request for Immediate Intervention to Protect Pakistan's Automotive Manufacturing Industry

Honorable Prime Minister,

We respectfully seek your immediate intervention to protect Pakistan's automotive manufacturing industry from serious risk of deindustrialization resulting from the proposed reduction in Completely Built Unit (CBU) import tariffs under the National Tariff Policy 2026–31 (NTP 2026–31).

Pakistan's automotive industry is the one of the **largest CKD vehicle producer**, comprising **31 vehicle brands and over 100 models**. Over the past three automotive policies, the industry has attracted more than **US$ 5 billion** in investment by OEMs and auto parts manufacturers. Passenger car segment contributes more than **PKR 700 billions of rupees to national tax** revenues, generates direct employment and supports the livelihoods of nearly **2.5 million Pakistanis**.

Despite these achievements, the industry is operating at below **50% of its installed annual capacity of 500,000 units**, primarily due to repeated policy changes and demand-suppressing measures. . In addition, the import of approximately **45,000 CBU vehicles annually** diverts nearly **18% of the domestic market** away from local manufacturers.

The proposed reduction of CBU tariffs to **15%** under the NTP 2026–31 is based on unrealistic assumptions regarding exports and competitiveness. Rather than promoting industrial growth, it will accelerate **deindustrialization by making imported vehicles significantly more competitive than locally manufactured vehicles**. This approach is inconsistent with international practice, where major automotive manufacturing countries continue to protect their domestic industries through calibrated tariff regimes. This approach is inconsistent with international practice, where major automotive manufacturing countries continue to protect their domestic industries through calibrated tariff regimes. For example, **Vietnam maintains tariffs of upto 70%**, while **Thailand applies tariffs of up to 80%** on imported vehicles.

If the automotive sector is not excluded from the proposed tariff reductions, the industry foresees the following consequences:

1. Permanent closure of **vehicle manufacturing plants** and approximately **1,324 auto parts manufacturers**.
2. Loss of more than **US$5 billion** in industrial investment.
3. Direct unemployment of **workers**, adversely affecting the livelihoods of approximately **2.5 million people**.

In view of the above, we respectfully request your immediate intervention to:

- Exclude the automotive sector from the proposed tariff reductions under the National Tariff Policy 2026–31.
- Introduce a stable, long-term automotive policy framework to, ensuring predictable tariff structures.
- Maintain a minimum **40% tariff differential** between CBU imports and locally manufactured vehicles to facilitate sustainable production volumes, investment, and deep localization.

Your support is essential to safeguard one of Pakistan's largest manufacturing industries, preserve employment, encourage future investment, and strengthen the country's industrial and economic resilience.

With respectful regards,

Yours Sincerely,

Abdul Waheed Khan
Director General

Copy: Minister of Industries & Production, Islamabad
Chairman PAMA, All Members