

## Used car imports cost vendors Rs6.5bn in July alone: PAAPAM

By our correspondent

KARACHI: Pakistan imported 4,423 used cars in July 2025, dealing an estimated financial blow of over Rs6.5 billion to the country's auto parts vendors, according to industry estimates.

The calculation is based on the fact that each car assembled locally contains about Rs1.5 million worth of parts manufactured domestically. By replacing these units with imported vehicles, demand for local components such as tyres, seats, wiring harnesses and lamps is wiped out, weakening the country's already struggling vendor ecosystem.

"The incessant import of used cars is contributing to long-term economic harm in terms of draining foreign exchange, displacing local jobs, and undermining tax revenues from domestic manufacturing," said Senior Vice Chairman of the Pakistan Association of Automotive Parts and Accessories Manufacturers (PAAPAM) Shehryar Qadir.

Data shows that in July, 3,996 cars were imported under the Personal Baggage scheme, 331 under the Gift scheme and 96 under the Transfer of Residence scheme. Industry representatives say such loopholes, originally meant to facilitate overseas Pakistanis, have now become channels for large-scale commercial imports that directly compete with local manufacturers.

According to the Pakistan Bureau of Statistics (PBS), car imports reached \$32.803 million in July, against \$20.327 million in July 2024. In local currency terms, the value rose 62 per cent to Rs9.335 billion from Rs5.757 billion. The surge comes after the government reduced a range of duties and charges on imported vehicles from July 1, triggering demand.

Qadir warned that while imported cars represent a one-time outflow of foreign currency, domestic manufacturing sustains more than 330,000 direct jobs and another 1.5 million in allied sectors ranging from steel and plastics to logistics and services. "Every serious auto-producing country, from India to Thailand to Vietnam, chose industrialisation over imports. That is the only way to turn cars into an engine of growth rather than a drain on reserves," he added.

Industry data shows that over the last decade Pakistan has imported an average of 34,000 used vehicles annually, making them the second-largest source of cars in the market, often rivalling or exceeding the sales volumes of major original equipment manufacturers (OEMs). In 2024-25 alone, almost 40,000 used cars entered the market, accounting for nearly a quarter of all sales. PAAPAM estimates that this cost parts manufacturers around Rs60 billion in lost revenues and deprived the economy of more than 40,000 potential jobs.

"Because total market demand is finite, every used vehicle imported represents a direct loss of sales for domestic assemblers and vendors," Qadir said. "This is not just about final assembly; it strips away the multiplier benefits created by a localised supply chain."

He further noted that countries such as India and Thailand have negligible used car imports, recognising that any short-term price relief for consumers comes at the cost of industrial growth and tax revenues. "No serious automotive manufacturing nation tolerates large-scale used car imports. Pakistan stands out as the anomaly in the region, undermining its own industrial base," he remarked.

Qadir criticised government policy, saying liberalised import channels have "subsidised importers while undermining domestic manufacturers who invest in plants, technology and people." He described the situation as a structural distortion, creating a parallel car market that competes directly with locally assembled vehicles.

"The crisis is not accidental," he concluded. "It is the result of policy neglect, where revenue collection and consumer appeasement have trumped industrial strategy. If unchecked, this will hollow out the country's vendor ecosystem and jeopardise the future of Pakistan's automotive industry."



## Customs clears over 4,400 used cars in July

**MUHAMMAD ALI**  
KARACHI: Pakistan Customs has cleared over 4,400 used/old vehicles in July under personal baggage and related schemes, sparking serious concerns about potential money laundering and devastating impacts on the country's domestic automotive sector.

The unprecedented import volume included more than 600 high-value vehicles worth nearly Rs 50 billion, with industry experts warning of systematic abuse of import schemes originally intended to help overseas Pakistanis.

According to the import data, 3,996 vehicles cleared under the Personal Baggage scheme, 331 vehicles were released through the Gift scheme, and 96 vehicles were cleared under the Transfer of Residence scheme.

The data showed that the importers of most of the high-value luxury vehicles were from underprivileged areas of Khyber Pakhtunkhwa, importing luxury vehicles worth billions.

The import data further revealed that the value of these highly expensive vehicles was from 10,000 to 250,000 Japanese Yen, equivalent to Rs 19,000 to Rs 4.7 million, suggesting massive under-invoicing of nearly 99 percent. In one of the many cases, the importer has declared the value of a 2020 Toyota Land Cruiser at just Rs 19,000.

"There's no way a Toyota Land Cruiser model 2020 is worth just Rs 19,000," said industry sources, who noted that importers likely transfer the actual vehicle cost through illegal channels

abroad.

They said that many importers, who claimed vehicles under personal schemes, reside in the United Arab Emirates and have no travel history to Japan, where the vehicles were purchased. Online auction records in many cases confirmed the vehicles were sold in Japan, but not registered to these importers. The export certificates and shipping documents of these imports were commercial in nature rather than legitimate personal baggage, gifts, or residence transfers, sources said.

The automotive sector, which directly employs over 330,000 people and supports 1.5 million jobs across allied industries, faces what experts describe as an existential threat. July's imports alone are estimated to have cost local vendors Rs 6.5 billion in lost revenue, calculated on the basis that each domestically manufactured car contains Rs 1.5 million worth of locally produced components.

"The incessant import of used cars is contributing to long-term economic harm in terms of draining foreign exchange, displacing local jobs, and undermining tax revenue from domestic manufacturing," said Shehryar Qadir, Senior Vice Chairman of the Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM).

Qadir said that as total market demand is finite, every used vehicle imported represents a direct loss of sales for domestic assemblers and parts vendors, stripping away demand for locally produced tires, seats, wiring harnesses,

lamps, and hundreds of other components that sustain 300,000 direct jobs in the vendor ecosystem.

Pakistan has averaged 34,000 used vehicle imports annually over the past decade, making used imports the second-largest car source in the market, often exceeding volumes from major Original Equipment Manufacturers. The 2024-25 period saw nearly 40,000 used cars imported, capturing almost a quarter of total market share and costing local parts manufacturers an estimated Rs 60 billion in lost revenues.

This positions Pakistan as an anomaly among automotive-producing nations. Countries like India, Thailand, and Vietnam have virtually eliminated used car imports to protect their domestic industries. "No serious automotive manufacturing nation tolerates large-scale used car imports," Qadir said. "From Thailand to Vietnam and India, every successful auto economy has treated second-hand vehicle inflows as an existential threat to domestic industrialization."

Despite mounting criticism, Pakistan Customs maintains its position that no illegal activity has occurred. Officials argued they are processing clearances according to existing rules, noting that the schemes for overseas Pakistanis contain no volume restrictions.

"This is not a marginal leak but a structural distortion: a parallel car market, operating through loopholes intended for overseas Pakistanis that competes directly with locally assembled vehicles," Qadir said.



## ‘Used car imports threaten local auto industry’

Over 4,400 units entered in July alone, costing vendors Rs6.5b in losses; 40,000 jobs, forex at stake, warns PAAPAM

SHAHRAM HAQ  
LAHORE

Pakistan's auto industry is once again under strain as the inflow of used cars continues to grow, raising alarms about the survival of local manufacturing.

In July 2025 alone, 4,423 units of used cars entered the country, translating into an estimated Rs6.5 billion loss for local vendors. Industry associations argue that every car assembled in Pakistan contains at least Rs1.5 million worth of locally produced parts, meaning each imported vehicle directly strips away demand from domestic suppliers.

Breakdown figures show that 3,996 units were brought in under the Personal Baggage scheme, 331 under the Gift scheme, and 96 through the Transfer of Residence scheme. These

avenues were initially created to support overseas Pakistanis, but over time, they have become parallel channels for large-scale commercial imports.

According to the Pakistan Automotive Manufacturers Association (PAMA), sales of locally assembled vehicles fell 49% in July 2025 compared with the same month last year. Vendors and assemblers alike warn that this mismatch between rising imports and falling local sales poses an existential threat to the industry.

"The incessant import of used cars is contributing to long-term economic harm in terms of draining foreign exchange, displacing local jobs, and undermining tax revenue from domestic manufacturing," said Shehryar Qadir, Senior Vice Chairman of Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM).

He emphasised that local auto production sustains more than 330,000 direct jobs and another 1.5 million in related sectors, ranging from steel and plastics to logistics and services. "This is not simply about assembling

cars, it is about building a vendor base, establishing technological links with global automakers, and creating multiple layers of tax revenue for the government. Every serious auto-producing country, from India to Thailand, and to Vietnam, chose industrialisation over imports, and that is why their industries became engines of growth," he said.

Over the last decade, Pakistan has imported an average of 34,000 used vehicles annually, a figure that puts second-hand imports on par with or even above the volumes of some original equipment manufacturers (OEMs) operating in the country. In the fiscal year 2024-25 alone, around 40,000 used cars were imported, capturing close to a quarter of the total passenger car market. PAAPAM estimates that this cost local vendors Rs60 billion in lost revenues and more than 40,000 potential jobs in one year.

Industry officials argue that the policy environment has created a structural distortion in the market. "Because total market demand is finite, every used ve-

hicle imported represents a direct loss of sales for domestic assemblers and parts vendors. It strips away demand for locally produced tires, seats, wiring harnesses, lamps, and hundreds of other components that keep our vendor ecosystem alive," Qadir said.

The imbalance is stark compared to regional peers, as India and Thailand, both successful auto-producing countries, have negligible levels of used car imports. Policymakers there concluded early that any short-term consumer benefit from cheaper used vehicles was outweighed by the long-term damage to industrial growth and government revenue. Pakistan, however, stands as an anomaly, tolerating a steady influx of second-hand cars despite being an auto-producing nation.

A senior executive at a Japanese automaker's local subsidiary, requesting anonymity, underscored the risks. "The liberal import of used cars directly undermines the volumes needed to keep assembly lines viable. Investors hesitate to commit to new plants or technologies when a parallel market is

allowed to flourish unchecked. If this continues, it will be difficult for the industry to justify future expansion."

Qadir further argued that policies enabling large-scale imports through schemes like Baggage and Transfer of Residence are not neutral. "They have decimated demand for locally assembled vehicles. No serious automotive manufacturing nation tolerates large-scale used car imports."

With Pakistan's foreign exchange reserves under strain, industry leaders stress that every imported car represents a one-time outflow of foreign currency, whereas local manufacturing creates multipliers across the economy.

Industry stakeholders are calling on the government to revisit its approach. "This is not a marginal leak but a structural distortion, a parallel car market operating through loopholes intended for overseas Pakistanis," Qadir said, adding, "The crisis is not accidental. It is the result of policy neglect and misplaced priorities, where consumer appeasement has been allowed to trump industrial strategy."

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