

Some auto parts manufacturers now facing shut down situation

Start Remarks

Introduction

The Chairman, Pakistan Association of Parts & Accessories Manufacturers (PAAPAM), Mr. Mansoor Ali Khan, has appealed to the Prime Minister of Pakistan for the withdrawal of Regulatory Duty on import of industrial steel materials by the Auto Parts industry, as these materials are not manufactured locally in Pakistan. "We have been to every ministry in the government, and have been fighting for the removal for the past 2.5 years", said Chairman PAAPAM.

Regulatory duty of the order of 3% to 15% on steel imports was first imposed in January 2013 affecting to Auto Parts Manufacturers as well and was supposed to be a temporary measure. Next year, Regulatory Duty was increased from 15% to 35%. This is the Third Consecutive Year of Regulatory Duty Regime. By increasing tariff on import of raw materials, domestic industry was made seriously uncompetitive. For example, 30%-35% additional tariff on steel may have helped some inefficient units, but it considerably increased the costs for the value added sectors producing fine quality auto parts and engineering products. The policy

makers need to decide between opting for promoting the high value added sectors where value addition can be more than 300 percent or favoring the sectors where value addition is less than 50 percent.

The Chairman stated that these exemptions were made for the protection of the local steel industry which mainly produces construction steel. However, the affected PC-I codes were common for raw materials allowed to be imported by the auto parts industry at concessionary duty, because these materials were not produced by the local steel industry (who have been protected through levy of RD). This list has also been duly recognized in the new Auto Development Plan (ADP) document, where no regulatory duty has been imposed on raw materials imported by auto industry, provided they are not manufactured locally.

Therefore, the managing committee of PAAPAM requested the Government to immediately withdraw all past and present interventions. They further clarified that all the rules in this regard are clearly laid down in SRO 655(I)/2006 dated June 22, 2006, which has been part and parcel of the Auto Policy since 2006, and continues in the new ADP. The previous auto policy and the current ADP have

both been designed to encourage localisation, resulting in investments in the country, savings of foreign currency outflows, creating employment opportunities and contributing towards the economic growth. While including the list of steel materials under SRO 568, the exemptions already available to the auto industry have been ignored, resulting in discouraging localisation, rendering them non-competitive and encouraging imports of auto parts previously manufactured locally.

In view of the above, PAAPAM strongly recommended to the Government and FBR that imports of materials by auto industry under SRO 655(I)/2006 should be exempted from regulatory duty under SRI 348(I)/2013, in the interest of supporting local parts industry, generating employment and foreign exchange savings (as similar exemptions have also been granted to other industrial sectors covered under SRO 565, SRO 678(I)/2004, Fifth Schedule to the Customs Act, etc. through amendments in exemption clause of SRO 568. If these Regulatory duty on steel imported by auto parts vendors is not withdrawn, this is consequently causing increase in cost of manufacturing auto parts and the affected vendors are unable to supply such parts to OEMs.

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Karachi, Wednesday 27 September 2017, 6 Muharram 1439

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PAAPAM demands withdrawal of RD on import of steel material

MUHAMMAD ALI

KARACHI: Following the government's unchanged policy on regulatory duty regime on the import of auto sector's steel materials for last three years, the auto parts manufacturing units are virtually shut due to high cost of production, said chairman of the PAAPAM.

In his appeal to the Prime Minister, Mashood Ali Khan, chairman PAAPAM requested for withdrawal of the regulatory duty (RD) on industrial steel materials imported by the auto industry as these materials were not locally manufactured.

He said that PAAPAM had been taking up this issue for last two and a half years but no attention was paid by the concerned authority, leaving the auto parts manufacturers in a state of uncertainty, creating negative impact on the production, which was now virtually shut.

The RD at the rates of 5% to 15% on steel imports was first imposed in January 2015 as temporary measure however, it was increased from 15% to 35% in 2016 and now this was third consecutive year for the RD implementation, he said, adding

that after increasing tariffs on import of raw materials, domestic industry was now made uncompetitive.

Mashood said that 30 to 35 percent additional tariff on steel might have helped some inefficient units, but it considerably increased the costs for the value-added sectors producing fine quality of auto parts and engineering products.

He said that the policy makers need to decide either to promote the high value-added sectors where value-addition could be more than 300 percent or favour those sectors where value-addition was below 50 percent.

PAAPAM chairman said that these interventions were made for protection of the local steel industry which mainly produced construction steel. However, the affected PCT codes were common for raw materials allowed to be imported by the auto parts industry at concessionary duty, because these materials were not produced by the local steel industry, which were protected through levy of the RD.

This fact has also been duly recognized in the new Auto Development Plan (ADP) document, where no regulatory duty

has been imposed on raw materials imported by the auto industry, provided it is not manufactured locally, he maintained.

Keeping the said in view, the managing committee of PAA-PAM has requested the government to immediately withdraw all past and present interventions. He clarified that all the rules in this regard were clearly laid down in the SRO 655(I)/2006 dated June 22, 2006, which has been part and parcel of the Auto Policy since 2006, and continues in the new ADP.

The previous auto policy and the current ADP have both been designed to encourage localization, resulting in investments in the country, savings of foreign currency outflows, creating employment opportunities and contributing towards the economic growth, Mashood said.

While including the list of steel materials under SRO 568, the exemptions already available to the auto industry have been ignored, resulting in discouraging localization, rendering them non-competitive and encouraging imports of auto parts previously manufactured locally, he said.

Steel materials

Auto part makers urge removal of regulatory duty

Say imposition was supposed to be temporary, is now rendering industry uncompetitive

OUR CORRESPONDENT
KARACHI

Auto part manufacturers have urged the government to immediately withdraw regulatory duty on the import of industrial steel materials because it is rendering the industry uncompetitive.

"We have been requesting the government to remove the duty for two and-a-half years, but nobody is listening to us," Pakistan Association of Parts & Accessories Manufacturers (Paapam) Chairman Mashood Ali Khan said.

Regulatory duty was first imposed in January 2015 at the rate of 5% to 15% on steel imports and was supposed to be a temporary

measure. However, the next year, it was increased from 15% to 35%, stated the press release.

"This is the third year of this regime. By increasing tariffs on import of raw materials, domestic industry was made uncompetitive. For example, 30%-35% additional tariff on steel may have helped some inefficient units, but it considerably increased the costs of the value added sectors producing fine quality auto parts and engineering products," added Khan.

"The policymakers need to either opt for promoting high value added sectors where value addition can be more than 300% or favouring the sectors where value addition is less than 50%."

The Paapam chairman said that these interventions were made for the protection of the local steel industry, which mainly produces

the commodity for the construction sector. However, the affected PCT codes were common for raw materials allowed to be imported by the auto parts industry at concessionary duty because these materials were not produced by the local steel industry (who have been protected through levy of regulatory duty).

This fact has also been duly recognised in the new Auto Development Policy (ADP), where no regulatory duty was imposed on raw materials imported by the auto industry, provided they are not manufactured locally.

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پاکستان اور

عمران نے جمائما سے قرض رقم لندن سے بھیجی یا واپس

اسلام آباد (نمائندہ جنگ، صبح کورٹ نے عمران خان کی عوامی عہدہ کیلئے پی ٹی آئی کی مبینہ غیر ممنوعہ ذرائع سے فنڈنگ

THE DAILY JANG KARACHI

روزنامہ جنگ

بانی..... میر خلیل الرحمن

قیمت 15 روپے

جلد 81

بدھ 6 محرم الحرام 1439ھ 27 ستمبر 2017ء

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اسٹیل کے خام مال پر عائد ریگولیشنری ڈیوٹی واپس لی جا رہی ہے

ڈیوٹی کے نفاذ سے آٹو پارٹس انڈسٹری بحران کا شکار ہے، مسابقت کے قابل نہیں رہی، کئی یونٹس نے پیداوار بند کر دی

کراچی (اسٹاف رپورٹر) آٹو پارٹس انڈسٹری کو بحران سے بچانے کے لیے ریگولیشنری ڈیوٹی واپس لی جائے، حکومتی فیصلے کے بعد انڈسٹری مسابقت کے قابل نہیں رہی، پاکستان ایسوسی ایشن آف آٹو پارٹس اینڈ ایسریز مینوفیکچررز (پاپام) نے وزیراعظم شاہد خاقان عباسی سے اپیل کی ہے کہ آٹو پارٹس انڈسٹری کیلئے استعمال ہونے والے اسٹیل کے خام مال پر عائد ریگولیشنری ڈیوٹی واپس لی جائے۔ پاپام کے چیئرمین مشہود علی خان نے کہا ہے کہ ایسا خام مال جو کہ ملک میں تیار نہیں ہوتا اس پر ریگولیشنری ڈیوٹی

کے نفاذ سے انڈسٹری بحران کا شکار ہے۔ ان کا کہنا ہے کہ جنوری 2015ء میں ریگولیشنری ڈیوٹی 5 سے 15 فیصد عائد کی گئی اور کہا گیا کہ یہ عبوری عرصے کے لئے ہے مگر بعد ازاں اگلے برس اسے ختم کرنے کی بجائے بڑھا کر 15 سے 35 فیصد کر دیا گیا اور اب اس عبوری فیصلے کو تیسرا برس ہے۔ خام مال کی قیمت میں اضافے سے مقامی آٹو انڈسٹری مسابقت کے قابل نہیں رہی۔ 30 سے 35 فیصد کی شرح سے عائد ایڈیشنل ٹیرف سے کئی یونٹس نے پیداوار بند کر دی ہے۔ لاگت بڑھنے سے معیاری آٹو

پارٹس کی تیاری ممکن نہیں رہی۔ انہوں نے کہا کہ پالیسی میکرز کو جائزہ لینا چاہئے کہ وہ 300 فیصد ویلیو ایڈیشن کرنے والی صنعت کو پروموٹ کرنا چاہتے ہیں یا پھر 50 فیصد سے بھی کم ویلیو ایڈیشن کرنے والی صنعت کو۔ مشہود علی خان نے کہا کہ ریگولیشنری ڈیوٹی عائد کرنے کا فیصلہ مقامی اسٹیل انڈسٹری کو تحفظ دینے کیلئے کیا گیا لیکن ایسے سامان کی پی سی ٹی کو بھی خام مال میں شامل کر لیا گیا ہے جو کہ مقامی طور پر تیار نہیں ہوتا۔ اس لئے پاپام وزیراعظم سے اپیل کرتی ہے کہ وہ اس فیصلے پر نظر ثانی کریں اور ڈیوٹی واپس لی جائے۔



کل سے نئے
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عمران خان نا اہل

لندن فلیٹ کی رقم باہر سے کمائی اس

عمران نے قرض لینا، دینا تسلیم کیا،

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کراچی (اسٹاف رپورٹر) سندھ حکومت نے

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کاروباری سامان کی ترسیل کے شعبوں کی کارکردگی



بدھ 6 محرم الحرام 1439ھ 27 ستمبر 2017ء

جلد نمبر 6

شمارہ نمبر 311

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درآمدی اسٹیل پر ریگولٹری ڈیوٹی آٹو مینوفیکچرنگ کی یونٹس بند ہونے لگے

35 فیصد ڈیوٹی سے مقامی صنعت زبوں حالی کا شکار، برآمدات بھی متاثر، ایس آر او کو عدم قرار دیا جائے، چیئر مین پاپام

کراچی (بزنس رپورٹر) صنعتی اسٹیل میٹریل کی درآمد پر عائد ریگولٹری ڈیوٹی کے باعث آٹو پارٹس تیار کرنے والی چند کمپنیاں بند ہونے کے دہانے پر پہنچ گئی ہیں۔ پاکستان ایسوسی ایشن آف آٹو مینوفیکچرنگ (پاپام) کے چیئر مین مشہود علی خان کے مطابق صنعتی اسٹیل میٹریل کی درآمد پر عائد 30 تا 35 فیصد ریگولٹری ڈیوٹی کے باعث آٹو پارٹس تیار کرنے والے مقامی مینوفیکچررز کو شدید مشکلات کا سامنا ہے اور پیداواری

لاگت میں اضافے کے باعث چند آٹو مینوفیکچرنگ کمپنیاں بند ہونے کے دہانے پر پہنچ گئی ہیں جبکہ چند کمپنیوں کی آٹو پارٹس کی برآمدات متاثر ہو رہی ہیں۔ پاپام چیئر مین کا مزید کہنا تھا کہ ہم گزشتہ ڈھائی برس سے اس ریگولٹری ڈیوٹی کے خاتمے کا مطالبہ کر رہے ہیں، تاہم انتہائی افسوس کی بات ہے کہ حکومت نے اس مسئلے کی جانب کوئی توجہ نہیں دی جس کے باعث آٹو پارٹس کی مقامی صنعت زبوں حالی کا شکار ہو رہی ہے، مشہود علی خان کا کہنا تھا کہ

چونکہ یہ درآمدی صنعتی اسٹیل میٹریل مقامی طور پر دستیاب نہیں ہے، لہذا اس کی درآمد پر ریگولٹری ڈیوٹی کا کوئی جواز نہیں بنتا ہے جبکہ حکومت گزشتہ تین برس سے ان مصنوعات کی درآمد پر مسلسل ریگولٹری ڈیوٹی میں اضافہ کرتی جا رہی ہے، پاپام چیئر مین نے وزیر تجارت سے مطالبہ کیا کہ مقامی آٹو انڈسٹری کی بقاء کیلئے ریگولٹری ڈیوٹی کے ایس آر او کو فوری طور پر عدم قرار دیا جائے تاکہ مقامی آٹو پارٹس کمپنیاں موجودہ بحران سے نکل سکیں۔