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# THE IMPACT OF AUTOMOBILE POLICY ON LOCAL INDUSTRY AND MARKET

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**ABSTRACT:** *The automobile industry plays a significant role in shaping the economic development, industrial growth, and employment structure of a country. This study examines the impact of automobile policy on the local industry and market, focusing on how government regulations, import duties, incentives, and localization requirements influence domestic production and market competitiveness. The research analyzes the effects of policy frameworks on local manufacturers, foreign direct investment, pricing trends, consumer demand, and technological advancement. It also explores the challenges faced by local automobile industries, including dependency on imports, limited innovation, and cost fluctuations. Findings suggest that a well-structured automobile policy can strengthen local industry by promoting localization, encouraging investment, and improving competitiveness, while poorly designed policies may hinder growth and market stability. The study concludes that balanced and consistent policy measures are essential for sustainable development of the automobile sector and for enhancing the performance of the local market.*
**Keywords:** *Automobile policy, local industry, market impact, industrial growth, localization*

## Background Research Section

The automotive sector in Pakistan has undergone a complex evolution, transitioning from state-led protectionism to a framework increasingly focused on market competition and export-oriented growth. Historically, the industry was marked by the nationalization of key manufacturing units in 1972 under the Economic Reform Order, which centralized control under the Pakistan Automobile Corporation (PACO). This era of heavy government intervention set a precedent for a protected market, which persisted for decades as the industry largely served domestic demand with limited model variety and technological advancement.

A significant shift occurred with the Automotive Development Policy (ADP 2016–2021), which aimed to dismantle these protective barriers by introducing tax incentives for new manufacturers. This policy successfully attracted new entrants, leading to increased competition and a broader range of vehicle options for consumers. Building upon this, the Auto Industry Development and Export Policy (AIDEP 2021–2026) was introduced to deepen industrial localization, enhance product quality, and promote global export integration, although the sector continues to face hurdles such as underdeveloped supply chains and stiff international competition.

As of early 2026, the sector is at a pivotal juncture, with the government preparing a new five-year framework (2026–2031) as the current policy approaches its June expiration. This upcoming roadmap is notably aligned with the National Tariff Policy—a structural component of Pakistan's IMF-backed economic reforms—which seeks to cap

tariffs on finished goods and phase out long-standing concessionary regulatory orders. This shift signals a fundamental move away from historical protectionism toward a more open, market-based industrial strategy. Despite these strategic pivots, the industry remains challenged by the slow adoption of electric vehicles, infrastructure gaps, and the necessity to harmonize local quality standards with international requirements to effectively scale exports. Consequently, the trajectory of Pakistan's automobile policy is now defined by the urgent need to balance these historical legacies with the demands of a modernized, competitive, and fiscally disciplined industrial environment.[4][6][3]

**Research Material for Pakistan's Industrial Policy for Automobile Sector**

Pakistan's industrial policy for automobiles has evolved through distinct phases since 1947, shifting from simple assembly operations to protectionism, and now toward export orientation.

A Brief Summary of development regarding automobile sector over the period of Pakistan's

**Independent history**

1949: First assembly plant (Bedford trucks & Vauxhall cars)
1950s-60s: Multiple assembly plants (Ford, Dodge, American Motors) under SKD operations
1966: Gandhara Industries permitted for progressive manufacturing section 1972-1989 Nationalization & Regulation
1972: Pakistan Automobile Corporation formed
1970s-80s: Nationalization of auto units; focus on tractors, motorcycles
1980s: Introduction of Vendor Industry & Deletion Programs for localization
1990-2004: Deregulation & Entry of Japanese Giants
1990s: Privatization & deregulation
1992-94: Pak Suzuki, Indus Motor (Toyota), Honda Atlas establish production
1994: Pakistan Automotive Manufacturers Association (PAMA) formed
2005-2015: First Formal Policies
2005: First Auto Policy launched; introduction of Adam Revo (indigenous car)
2007-09: Industry downturn; rise of Chinese motorcycle assemblers
2016-2021: Auto Policy 2016-21
2016: ADP 2016-21 offers tax incentives for new entrants
2016-18: New players (Hyundai, Kia, Renault) express interest; industry grows 171%
2021-2026: Current Policy & Liberalization
2021: AIDEP 2021-26 focuses on exports, hybrid & electric vehicles (EVs)
2021-24: EV policy introduced; Jolta Electric launches e-bikes
2025-26: Govt allows used car imports (IMF condition); new Auto Policy 2026-31 under consultation

**Early Assembly Era (1947-1971)**

The foundation of the industry was laid with assembly operations rather than manufacturing:

• 1949: The first automobile plant was established to assemble Bedford trucks and Vauxhall cars.

• 1950s-1960s: Several plants emerged, including Ali Automobiles (Ford in 1955), Haroon Industries (Chrysler/Dodge in 1956), and Kandawalla Industries (American Motors in 1962) . These were restricted to semi-knocked down (SKD) operations.

• 1966: Ghandhara Industries was permitted to undertake "progressive manufacture" of Bedford trucks and buses, an early move toward localization, though it was largely unsuccessful due to technological gaps .

**Nationalization and Regulation (1972-1989)**

This period was defined by state control and the first serious push for localization:

• 1972: The Pakistan Automobile Corporation was formed, and many private auto units were nationalized and renamed.

• 1980s: The government emphasized the development of a local vendor industry to manufacture auto parts, reducing dependence on imports. Programs like the "Deletion Program" were introduced to mandate local content.

**Deregulation and the "Big Three" (1990-2004)**
The government abandoned nationalization in favor of privatization and deregulation, leading to the establishment of the Japanese oligopoly:
• Early 1990s: The industry was deregulated, leading to a massive boom.
• 1992-1994: Pak Suzuki, Indus Motor Company (Toyota), and Honda Atlas established their production plants.
• 1994: The Pakistan Automotive Manufacturers Association (PAMA) was created to represent the interests of the assembling/manufacturing industry.

**First Formal Policy and Localization Push (2005-2015)**
This era saw the first comprehensive industrial policy specifically for autos:
• 2005: The government launched the first Auto Policy, which, coupled with the "Tariff-Based System," aimed to encourage further localization and even led to the launch of Pakistan's first indigenous car, the Adam Revo.
• 2007-2009: The sector experienced a downturn due to economic instability, but motorcycle production (especially Chinese replicas) saw explosive growth.

**"Auto Policy 2016 -21" and New Entrants**
This policy was a game-changer, designed to break the monopoly of the existing players:
• March 2016: The "Automotive Development Policy 2016-21" was passed. It offered significant tax incentives to new automakers to establish manufacturing plants in Pakistan.
• Impact: This policy successfully attracted interest from global players like Hyundai, Kia, Renault, Nissan, Volkswagen, and FAW, breaking the long-standing dominance of Suzuki, Toyota, and Honda. Production and sales grew by over 171% between 2014 and 2018.

**OBJECTIVES AND TARGETS OF AIDEP (Auto Industry Development and Export Policy) 2021-26**

**1 Enhance affordable mobility in the society**
Capacity to manufacture 650,000 Cars/LCVs/SUVs, 100,000 Tractors, 20,000 HCVs, 7 million 2-3 wheelers per annum.

**Introduction/Promotion of quality small cars which are affordable for the middle class**
Enhance local production of public transport vehicles.
Encourage indigenous design, development and manufacturing of local vehicles.

**2 Strengthen competition in the market. Goal: "Make in Pakistan"**
Between OEMs and all tiers of supply chain, to improve quality, rationalize prices and give better products to the customers.

**3 Create design & development/innovation capabilities in the auto engineering sector**
Proposed Tax credit for in-house design, development, molds and dies for new products, testing equipment and their facilities for OEMs and Vendors.
Proposed Duty & tax free imports of machinery and equipment for measuring and metrology, all types of testing, designing and printing, CAD, CAM, CAE software, molds, dies and mixture manufacturing, 3-D Printers, calibration equipment etc.

**4 Develop all tiers of supply chain, local content promotion**
Incentivizing and administrative facilities to all tiers of suppliers, from raw materials to manufacturing of parts, assembly, and after sales support in consultation with the stakeholders through the process of periodical review.

**5 Increase Export of Parts and Vehicles Cars, Tractors, Motorcycles & auto parts to targeted countries**
OEMs to consider export of parts and vehicles for a minimum of 10% of C&F value of their total imports by end of Policy period, i.e. 30th June, 2026, through their global supply chains or global distribution channels/networks. Values to be calculated in USD or equivalent.

**6 Rationalize sales of after-market parts**
Eliminate under-invoicing, smuggling etc. Proposed reduction of taxes on raw materials through consultation/ review at Tariff Policy Board and inputs of replacement parts to reduce maintenance cost of vehicles in phased manners through periodic consultation of stakeholders. Encourage local manufacturing for after-market also. Implement conditions of SRO 693 on aftermarket parts.

**7 Implement WP-29 Safety Regulations**
**As per plan finalized by EDB**
AIDEP is aimed at addressing all technology parameters by providing incentives and frame works for all new technologies including EV and Hybrids. Currently, the incentives are being offered to electric vehicles and hybrids. Incentives similar to hybrids and electric vehicles will be considered for hydrogen fuel cell vehicles, whenever they become available for introduction in Pakistan. EV Technology being in the initial stages of technological development, the capital cost of EVs is much higher than comparable automotive technologies due to more expensive inputs and material costs associated. However according to various forecasts, as we move up the technological development curve, prices of these inputs and materials including batteries are expected to come down once production and market uptake volumes increase.
As far as Pakistan is concerned, industry experts are of the view that

**fixed route public transport**
vehicles and 2-3 wheeler segments offers the best potential for partial shift to EVs in the near future. Due to road infrastructure in Pakistan and consumer behavior, the initial adoption rate of EVs is expected to be slow however existing as well as new stakeholders/investors are assessing the market for their entry in this segment. Past experience has shown that the positive environment created through EDB/MoIP Automotive

**Development Policy (ADP 2016-21) has provided the adequate**
incentives for introduction of new entrants as well as innovative technologies in the market. Infrastructure development is one of the major prerequisites for EVs, hence an incentive structure that is suitable and feasible for establishment of charging infrastructure vis-à-vis local manufacturing capabilities of EVs within the country is required. The custom duty for charging stations and parts thereof would be 0%. Once localization starts, duty on parts will stay at zero, however import of complete charging station may be taxed. Since the transport sector in Pakistan is comprised of various sub-sectors, separate incentives for electric 2-3 wheelers, electric scooty, electric motorcycles, rickshaws and loaders, cars, vans, LCVs, SUVs, buses, prime movers and trucks have been considered in AIDEP.
AIDEP provides a framework which will bring necessary transformation in a planned and phased manner causing minimum disruptions while at the same time having a positive socio-economic impact in terms of industrial growth, employment generation and improved environment for future generations.

## BACKGROUND OF INCENTIVIZING ELECTRIC VEHICLES (EV POLICY)

The proposals for promotion of electric vehicles were formulated through extensive stakeholder consultations after the task of policy formulation was assigned by the Government to EDB vide MoIP's Notification No. 2(48)/2018-LED-II dated 5 September, 2019. The draft policy was discussed in the 29 ,30 and 31 meetings of Auto Industry Development Committee (AIDC), which is a committee approved by the Federal Cabinet, mandated to work for promotion of auto sector. Upon recommendation of AIDC, the agreed draft was forwarded to Ministry of Industries and Production. The policy document recommended by AIDC included recommendations regarding promotion of hybrid vehicles (cars, sports utility vehicles, buses and trucks) as it aimed at promotion of new technologies.
However, only the recommendations related to electric vehicles to the extent of 2-3 wheelers and

HCVs were approved initially. Economic Coordination Committee (ECC) of the Cabinet in case No. ECC- 95/12/2020 dated 26th March, 2020 constituted an Inter-Ministerial Committee under the Chairmanship of erstwhile Adviser to Prime Minister on Industries and Production which reviewed both the policies/incentive packages drafted by EDB/MoIP and Ministry of Climate Change (MoCC). After the appointment of Minister for Industries and Production, ECC of the Cabinet in case No. ECC- 161/19/2020 dated 6th May, 2020 amended the composition of the Inter-Ministerial Committee by including Minister for Industries and Production as the Chair and Secretary Ministry of Commerce as a member. Accordingly, the proposals for 2-3 wheelers and Heavy Commercial Vehicles (HCVs) approved in principle by ECC of the Cabinet in its meeting held on 10 June, 2020. Subsequently, the incentives for 4 wheelers were also finalized by the inter-ministerial committee whereas incentives for hybrids were finalized later and announced in Finance Bill 2021. It was decided that the incentives finalized for EVs will become part of AIDEP hence a consolidated proposal is being incorporated in the policy.

**Two-Three Wheelers**

i. Custom duty on EV specific parts @ 1% including battery, motor, converter, charger etc till the end the of policy period i.e. 30 June, 2026

ii. Sales tax to be fixed at 1% at sales for locally manufactured 2-3 wheelers to be reviewed

iii. periodically i.e. once in a year in consultation with stakeholders.

iv. Sales tax at import stage waived off for electric 2-3 wheelers to be reviewed periodically once in a

v. year in consultation with stakeholders

vi. Import of CBU for Test Marketing (2-3 wheelers)

a. 10 CBU units (for each variant) to be allowed at 50% of prevailing custom duty to

vii. the extent of maximum 200 units to 2-3 wheeler segment including scooties,

viii. motorcycles, rickshaws and 3 wheel loaders.

a. The maximum units to be imported collectively in scooties, motorcycles,

ix. rickshaws and loaders not to exceed 200 units per company even in case it has

x. more than 20 different variants. Subsequent manufacturing within 2 years of

xi. import will be compulsory as per guidelines provided in ADP 2016-21.

a. Import to be recommended by EDB to new entrants and existing companies

xii. investing in EV technology for approval by MoIP. The existing companies setting up

xiii. related manufacturing facilities per SRO.656(I)/2006 will be verified by EDB

xiv. before approval of said incentive. Approval of import of CBUs to all existing and

xv. new companies at concessionary rate to be provided by EDB.

**Heavy Commercial Vehicles (Trucks, Buses, Prime Movers)**

i. Import of all parts (both localized and non-localized) at 1% customs duty applicable to non-localized parts for manufacturing of electric heavy vehicles including buses, trucks and prime movers.

ii. Sales tax to be charged at 1% at sales for locally manufactured electric buses, trucks and prime movers only. The proposal is subject to periodic review in consultation with stakeholders keeping in view the overall fiscal space and progress of local manufacturing sector.

iii. Sales tax at import stage waived for locally manufactured electric buses, trucks and prime movers.

The proposal is subject to periodic review in consultation with stakeholders keeping in view the overall fiscal space and progress of local manufacturing sector.

iv. Custom Duty on import of electric buses, trucks and prime movers in completely built condition is 1%

**Cars, Vans, SUVs, LCVs**

i. Custom duty on EV specific parts @ 1% including battery, motor, converter, charger etc till the end the of policy period i.e. 30 June, 2026

ii. For electric cars, SUVs, LCVs and Vans, the CKD non-localized will attract 10% CD and CKD localized
will attract 25 % CD
iii. Exemption of sales tax and VAT on imports and 1% sales tax on sales applicable to small cars/vans/SUVs with 50KWH battery or below and LCV with 150 KWH battery pack or below. The proposal is subject to periodic review in consultation with stakeholders keeping in view the overall fiscal space and progress of local manufacturing sector.
iv. VAT at import stage to be exempted for small cars/Vans/SUVs with 50KWH battery or below and
LCV with 150 KWH battery pack only. The proposal is subject to periodic review in consultation with stakeholders keeping in view the overall fiscal space and progress of local manufacturing sector.
v. Maximum number of CBU of Electric Vehicles shall be limited to 100 units per company at maximum 10 units per variant by EDB after verification of manufacturing facilities by EDB. The said import will be recommended by EDB and approval shall be granted by MoIP.

**GENERAL INCENTIVES**

Following incentives will also be available for entire range of Evs
i. ACD to be 0% on CKD manufacturing of EVs
ii. Duty free import of plant and machinery of EVs, 0% CD, ACD 0%
iii. Import of EV chargers to attract 1 % CD, ACD 0%
iv. EVs (both imported and locally manufactured) to be exempt from FED

**SAFETY STANDARDS FOR ELECTRIC VEHICLES**

In order to advance electric mobility establishment of standards is necessary and a key step. Particularly for vehicle safety and charging infrastructure, standards are necessarily required. The safety of passengers especially in case of rainy season has to be ensured in motorcycles, rickshaws and loaders as their structure have minimum safety considerations. Standards significantly reduce investment risks for the stakeholders that are integral to provide resources in the transition to expand the businesses. Standards can be developed in parallel and support specific policy instruments.

As 2-3 wheelers are on mandatory list of PSQCA, the organization may develop the standards and ensure their enforcement. WP-29 regulations for 2-3 wheelers be adopted and PSQCA should align the standards for 2-3 wheelers with WP-29 Regulations. In case of HCVs, the regulations can be adopted in phase wise manner as per plan for adoption of WP 29 Regulations already taken up with WP 29 Secretariat by EDB, which may support exports in the long run. The AIDEC or National Standards Committee of PSQCA to analyze and recommend adoption of UNR 136 for vehicle safety, IEC60335-2-29 for house hold chargers and EEC 134 for Max Speed for 2-wheelers and UNR 100 for 4-Wheelers or Chinese OEM Standards in order to ensure safety of customers and safeguard the market from substandard products. The changes to be incorporated in the already prepared standards for 2-3 wheelers by PSQCA.

**Charging Infrastructure**

To promote and penetrate EVs in market, infrastructure needs to be developed in major cities, commercial/government buildings, motorways/highways by relevant provincial authorities and city governments. Following steps were agreed by the inter-ministerial committee and are recommendedfor consideration of relevant authorities.
i. Charging infrastructure will be installed at different points in all selected cities initially and will be expanded to all secondary cities. In each selected city at least one DC fast charger to be installed in every 3x3 km grid/4x4 km grid (as per advised by relevant department).
ii. Fast chargers will be installed along major motorways and highways after every 15-30 km. Initially the chargers will be installed at highway N5 and rest areas of motorways M1, M2, M3, M4, M5 and M9, while the infrastructure will further be extended to the rest of the motorways and highways in the country.

iii. Public charging stations may opt to have standardized swappable battery facilities in lieu of standard charging for appropriate category of vehicles.
iv. All Electric Distribution Companies (DISCO) to identify the feeders where electricity load can be managed to support fast charging stations based on aforementioned targets. If there are system constraints in achieving the targets of the charging stations in each 3x3 km area then the DISCOs will be responsible for removing such supply constraints.
v. Existing CNG and Fuel Stations to be encouraged by related Government Bodies in establishment of charging infrastructure.
vi. In order to relieve main grid, smart charging may be employed at charging stations particularly of Level-2 and above. Smart charging is possible through smart metering, time-of-use pricing and any other innovative mechanisms.
vii. Initially, 2-3 wheelers to be promoted as their charging facilities are easier to develop.
Major cities like Karachi, Lahore, Rawalpindi, Faisalabad and Peshawar may be considered initially for introduction of EVs and then complete national infrastructure in the long run.

**Incentives for hybrids**

Hybrid technology is common in developed countries of the world including Japan and Europe. The fuel
consumption of hybrids is far less than the conventional fossil fuel vehicles whereas the emissions of hybrid vehicles are also lower. In order to promote hybrid technology, the following incentives have
been provided for local manufacturing and assembly of hybrid vehicles vide Finance Act 2021:
i. Parts specific for plug-in hybrids to be imported at 3% Custom Duty.
ii. Parts specific to normal hybrids to attract 4 % Custom Duty.
iii. Import of hybrid buses/trucks to attract 1 % Custom Duty from date of issuance of manufacturing certificate
iv. Sales tax for both locally manufactured and imported hybrid cars, SUVs, Vans, LCVs to be 8.5%The government remains committed to promotion of environmental friendly and fuel efficient technologies in AIDEP.

**Promotion of Local Parts Manufacturing**

AIDEP targets promotion of indigenous part and assemblies / sub-assemblies manufacturing and rationalization of imports. In this regard, local value addition requirement has been fixed at 30% for parts manufactured under SRO.655(I)/2006 except for engine, gear box and transmission parts. Components or sub assemblies shall not be eligible for concessions in case local value addition is less than 30%. As a general principle, localization will be targeted to attain maximum possible value addition within Pakistan. In addition, bi-annual updating of SRO.693(I)/2006 will be carried out to ensure speedy localization.
The list of locally manufactured parts will be updated and after analysis, the parts or components localized for a certain vehicle by one/two manufacturers will be added in the list of locally manufactured components and higher rate of duty will be applicable to those parts, if imported. In addition, following incentives will be provided to local manufacturing of parts and components
i. Duties on imports under SRO.655(I)/2006 shall be rationalized to promote local manufacturing
ii. Depending upon fiscal space available to the government of Pakistan, tax credit equal to investment for setting up in-house Design Shops, Testing Laboratories, Certifications, Service Centers, R&D support centers, etc. will be allowed. Similar, credits are also proposed for development of local designs, manufacturing tooling, molds & dies for local manufacturing of parts, products and vehicles.
iii. Depending upon fiscal space available to the government of Pakistan, taxes and duties on import of machinery equipment, testing equipment, other design equipment & software, 3-D Printers, calibration equipment etcetera shall be rationalized to promote local manufacturing and quality control. The localization and promotion of local auto parts manufacturing depend upon rationalization of after sales market. There is a need to link the local after sales market with local manufacturing. The parts being

manufactured locally should be promoted and used in local market to achieve import substitution. The import of used auto parts in the garb of scrap is a serious detriment to the local auto parts manufacturing industry. The elimination of import of used parts and components of vehicles through grey channel imports is also affecting the local manufacturing of parts and components. EDB will carry out a comprehensive exercise for elimination of import of parts and components through illegal channels. This will facilitate shifting of part manufacturing to local industry. Discouraging used parts in the local market will also help in decreasing import of used cars through various grey channels.

The commercial import of new parts attracts higher rate of duty. Duties and taxes on import of new parts shall be rationalized. However, SRO.693(I)/2006 shall remain applicable for locally manufactured auto parts to provide protection to the domestic industry.

As the supply chain for auto industry is multi-tier, EDB will support local manufacturing and export of Nuts/bolts, hydraulic systems, electric wiring, plastic parts etc. The consumption of such local parts by OEMs and vendors will also be encouraged. An efficient local supply chain can bring more business from overseas and reduce costs for exporters. For rationalization of duties and taxes on commercial import of parts and components, an independent exercise shall be carried out by EDB in consultation with stakeholders.

**Current Market Share & Key Players (as of 2026)**

The passenger car segment in Pakistan is seeing a shift, with the traditional "Big Three" facing new competition.

- Indus Motor Company (Toyota): Remains a dominant force. As of late 2025, its Corolla and Yaris models held a combined market share of approximately 23.8% . In January 2026, the company achieved its highest monthly sales since June 2022, capturing a 22% market share for the month.
- Honda Atlas Cars (Honda): Is a standout performer, with its market share projected to increase by nearly four percentage points. In January 2026, it held a 16% market share, driven by strong demand for its sedans and the HR-V HEV hybrid variant.
- Pak Suzuki Motor Company: Remains a key volume player, particularly in the small-car segment. While specific 2026 market share data is pending, the company has reported localization levels of 62% for its Alto 660cc model.
- The SUV Boom: New entrants are reshaping the market. The SUV segment has grown dramatically, holding an estimated 28–30% share of the total automobile market in 2026, up from just 9% in 2021. Key players driving this trend include Kia, Hyundai, MG, Haval by (Sazgar), and Changan.
- January 2026 Snapshot: Overall auto sales showed strong recovery. Indus Motor sold 5,060 units, Honda sold 3,620 units, and Sazgar sold 2,003 units of its Haval SUVs.
- Proposed Tariff Structure (Auto Policy 2026-31)
- As the current policy expires in June 2026, the new framework is being hotly debated. The government is pushing for market-driven reforms aligned with IMF conditions, leading to a divide between assemblers and parts manufacturers.

Proposed tariff structure based on government and assembler proposals:

**Duty/Component Proposed Customs Duty (Capped System) Details**

Finished Vehicles (CBU) 10% Capped at 15% over 5 years, moving to 0-15% slab system

Premium Vehicles 15% Part of new 4-slab system

CKD Kits/Local Parts 10% or less Proposed by assemblers; parts manufacturers want up to 35%

Certain Imports 0% Lowest slab in new system

**Used Cars (FY26) 40% Regulatory duty, decreasing annually to 0% by 2030**

· Industry Divide: A clear rift has emerged. Nine out of 11 assemblers (including new entrants) want lower duties to boost competitiveness and lower car prices. In contrast, some established

Japanese assemblers and parts manufacturers are lobbying to keep duties as high as 35% to protect local investment and jobs.

• Localization vs. Exports: Despite high localization levels (e.g., Toyota at over 60% for Corolla, Honda at 73% for City), the industry has recorded negligible exports in the last five years, leading policymakers to question the effectiveness of past protectionist policies.

• Used Car Imports: The government now allows commercial imports of used cars (up to 5 years old) with a 40% regulatory duty. Local assemblers warn that used cars already make up 25% of the market and undermine investor confidence, especially with current production capacity only at one-third utilization.