



Pakistan
Automotive
Manufacturers
Association

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Mr. Haroon Akhtar Khan
Advisor to the Prime Minister
Industries & Production Division
Islamabad

PAMA/MoIP/111/2026
October 28, 2026

Subject: Urgent Concerns Regarding Misuse of the Used Vehicle Gift Scheme and Rising Threat to Pakistan's Automotive Manufacturing Industry

Dear Sir,

On behalf of the members of the Pakistan Automotive Manufacturers Association (PAMA), we wish to draw your urgent attention to the alarming surge in imports of used vehicles under the Gift Scheme and its increasingly damaging impact on Pakistan's automotive manufacturing sector, associated vendor industry, employment and future investments.

According to data available, imports of used vehicles under the Gift Scheme have increased at an unprecedented rate, rising from merely 7 units in May 2026 to 806 units in June, 1,876 units in July, 1,406 units in August, and 2,238 units in September 2026. In contrast, imports under Transfer of Residence Scheme have remained negligible during the same period. Most importantly, the Gift Scheme reportedly accounted for approximately 98% of total used vehicle imports in September 2026, clearly demonstrating a dramatic shift in the import channel being utilized.

While PAMA fully supports genuine facilitation measures for overseas Pakistanis under **SRO 61(I)/2026 dated 15 January 2026**, the extraordinary increase in import volumes strongly suggests that the Gift Scheme is being used in a manner beyond its intended purpose.

Pakistan's automotive industry has invested over a trillion rupees to establish domestic manufacturing capabilities and achieve significant localization. Today, 31 plus brands, over 100 models with 13 manufacturing plants are operating in the country with a strong local supply chain, enabling approximately 60% localization in many vehicle categories. The continued growth of used vehicle imports under schemes intended for personal use threatens these investments and weakens the government's broader objective of industrialization and import substitution.

PAMA is also deeply concerned about the direction of recent tariff reforms under the National Tariff Policy. The sharp reduction in import duties and upto 60% depreciation on used Completely Built-Up (CBU) vehicles, coupled with growing proposals to further liberalize imports, is eroding the competitive space available for domestic manufacturers. Such measures discourage local manufacturing, technology transfer, employment generation, and future investment in Pakistan's automotive sector.

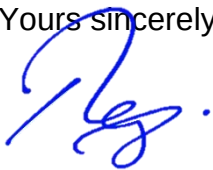
Equally concerning is the fact that the near-complete migration of used vehicle imports from the Baggage Scheme to the Gift Scheme within a matter of months raises serious questions regarding the processes through which these vehicles are being certified and approved overseas. The drastic shift in import patterns appears to reflect widespread and coordinated activities involving certifications issued, enabling large volumes of used vehicles to enter Pakistan under the Gift Scheme. The government may therefore wish to undertake a comprehensive review of the certification, verification, and monitoring mechanisms currently being exercised to ensure that the scheme is being used strictly in accordance with its intended objectives and not as a conduit for commercial trading activities.

In view of the above, PAMA respectfully requests the Ministry of Commerce to undertake an immediate review of the Gift Scheme and introduce appropriate safeguards to prevent its misuse. We further request that the Government reassess policies that encourage excessive imports of used vehicles at the expense of domestic manufacturing and ensure that all import-related measures remain aligned with Pakistan's industrial development objectives.

We firmly believe that a balanced and transparent regulatory framework can facilitate genuine overseas Pakistanis while simultaneously protecting local manufacturing, employment, investment, and the long-term sustainability of Pakistan's automotive industry.

We would be grateful for an opportunity to present our concerns and recommendations in person at your convenience.

Yours sincerely,



Razi-ur-Rahman
Director General

Copy to: (i) The Federal Secretary MoIP, ISB
(iii) The Chief Executive Officer EDB, ISB

(ii) The Federal Secretary MoC, ISB
(iv) Chairman PAMA, All Members