جمان ياكستان

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نی کار از کمپنیوں کی راہ میں سائل رکاوٹیں دور، درآ مدی کاروں پڑ سے رف کی شرح کو حقیق سے پ ندا نے بنایا حبائے يانى كارى كى تى كى تى تى تى تى تى تى تەلىخ كارد ليرشي قوانين مسي تب ديليال كى حبائي، ياكتانى آ نوسيل ريصروف تين كم بنيول كى احباره دارى كوفتم كسيا حبائ مسابقتى كميش یں 217 بی صداخافہ ہوا ہے۔ انڈس موٹر کی فروخت میں 322 فی صد، پاک سوز و کی موٹرز کی فروخت میں سالیتی کمیشن نے پرانی کاروں کی درآ مدکی مدت تین سال شعبہ میں مسابقت کاعمل قدرے بہتر ہے اور تینوں کا رساز اداروں میں مقاللے کی فضا ہے۔ پانچ سال پرانی اسلام آباد (اظهريد) كاروں كى درآمد ب صارفين كوقدر ب بہتر انتخاب كى سوات حاصل تھى تا ہم اب اس كوتين سال كرنے ب 241 فی صد جبکدادر ہنڈاانگس کی فروخت میں 217 فی صداضا فہ ہوا ہے۔ یاک سوز و کی کو 800 سی می اور ے بڑھا کریا بچ سال کرنے، مارکیٹ میں شخ کارسازوں سارفين كانتخاب كاحق محدود ہوگیا ہے۔ 1000 ی کی کارون کے شعبہ میں اجارہ داری حاصل ہے جبکہ 1300 ہے 1800 کی کاروں کے کی آ مدیش حائل رکا وثیس دورکر نے اور درآ مدی کا رول پر لیرف کی شرح کو حقیقت پسنداند بنانے کی سفارش کی ہے۔ کمیشن نے کہا ہے کہ یا کستان کے کارساز اداروں کی ڈیلرش حقیقت میں ایجنٹ شب ہےجس سے صارف کوکوئی فائد دنیس ہوتا کیکن اُے ٹی گاڑی کی خریداری پر بھاری پر بھیم شرورا دا کرنا پڑتا ہے۔ کمیش نے آٹو سیکٹر میں ڈیلرشب کے قوانین میں بھی تبدیلوں پر زور دیا ہے۔ کمیشن کی پاکستان کے آٹو سیکٹر کے متعلق کٹی گئی اسٹری میں کہا گیا ہے کہ مارکیٹ پر صرف تین کا رساز اداروں کی اجارہ داری ہونے کی وجہ سے صارف کے لیے انتخاب کا تق بہت محدود ہے۔ 2001 سے 2011 تک تینوں کا رساز اداروں کی فروخت



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آ ٹوسیکٹر میں مسابقت کیلیے معقول ٹیکس وڈیوٹی پراستعمال شدہ گاڑیاں درآ مدکرنے دی جائیں ، بتکست وریخت الا وُنس میں حالیہ کی پرنظر ثانی کی بھی تجویز یلیے ٹیرف رکاوئیں کتم ،گاڑیوں کی فروخت پراون منی وصولی کےخلاف یخت قانون بنایا جائے ،ریورٹ جاری ی کاانتظامی تحفظ اور یے مینولیے اسلام آباد (خصوصی ریورٹر) مسابقتی کمیشن آف گاڑیوں کی رجسٹریش کے لیے گاڑیوں کے ایمیشن اور فيكسون ير درآمد كرن كى اجازت دى جائ ، ملك ميں تحفظ دیا گیا ہے اور یا کتان میں صرف گفٹ، پرس اور روڈ قابلیت ٹمیٹ کولازی قرار دیا جائے۔ ریورٹ کے یے آٹو مینو پچررز کولانے کی ضرورت ہے اور اس کے بيكيج اعم م تحت استعال شده كاژياں درآ مدكر في ك یا کتان (ی ی بی) نے آٹوموبائل سیکٹر میں مسابقت کو مطابق ملک میں کام کرنے والے گاڑیوں کے ڈیلر تھن کے پیشنل ٹیرف کمیشن آف ماکستان کی ماہمی مشاورت احازت حاصل ہے جس ہے آٹومو ہائل سیکٹر میں مسابقت فروغ دے کے لیے حکومت کومعقول ڈیوتی اور ٹیکسوں پر آ ٹومینونی چررز کے ایجنٹ کے طور پر کام کررہے ہیں اور کے ساتھ ثیرف اسٹر کچر تیار کرنے کی ضرورت بے تاکہ کار بحان متاثر ہوا ہے اور جال بی میں مذکورہ الم موں استعال شدہ گاڑیاں درآمد کرنے کی اجازت، آثو نے لوگ بھی آٹو سیکٹر میں آسکیں۔ ریورٹ میں تجویز دی اس بوکی مسابقت کو فروغ نہیں مل رہا، لوگوں ہے انڈسٹری کو دے جانے والے انتظامی تحفظ کوختم اور بخ کے تحت استعال شدہ گاڑی کی درآمد کے لیے پرانی پر سیم اور اون منی کی مد میں بھاری رقوم وصول کی مٹی بے کہ استعال شدہ کاروں کے لیے قلست وریخت گاڑی کی عمر5 سال ہے کم کرکے 3 سال کرنے کے آ ٹومینونی کچررز کے لیے عائد کردہ ٹیرف میریز زختم کرنے کی تجاویز دی ہیں۔مسابقتی کمیشن ہے آٹو موبائل سیکٹر جاری ہیں اس کے لیے بخت قانون سازی کی ضرورت الاؤنس میں کی جانے والی کمی پر بھی نظر تانی کی ضرورت حکومتی فصلے ہے آٹومینونیکچررز کو تحفظ دیا گیا ہے۔ ے تا کہ آ ٹو مینو یجررز اور ڈیلرز کوعوام ے بھاری ب کونکداس ب درآمدی گاڑی کی قیت میں اضافد ہوا ر بورٹ کے مطابق اس شعبے میں مسابقت کے فروغ کے <u>کے حوالے سے منگل کوجاری ریورٹ کے مطابق یا کستان</u> پریمیم کی مدیش رقوم کی وصولی کور د کا جا سکے۔ ہے۔ ریورٹ میں برتجو یز بھی دی گئی ہے کہ ملک میں لیے ضروری ہے کہ استعال شدہ گاڑیاں معقول ڈیوٹی اور میں آٹو موبائل سیکٹر کومختلف انتظامی ہیئر پرز کے ذریعے

The Nation

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CCP releases updated draft study on automobiles sector

OUR STAFF REPORTER

ISLAMABAD - The Competition Commission of Pakistan (CCP), as part of its on-going programme of sectoral research, has released the updated draft study on automobiles sector and has uploaded it on the website for soliciting public comments and suggestions.

The primary purpose of CCP's research programme, titled, Competition Impact Assessment Studies, is to assess the competition vulnerabilities in various sectors. The draft study on auto sector assesses the relevant laws and their impact on the sector; market share of the players; concentration levels of the market; and the behaviour of the players affecting competition.

In the study, the competition assessment of the passenger cars in the automobile sector in Pakistan has been analysed. which shows that there are currently three major car manufacturers/assemblers in the car industry in Pakistan namely: Pak Suzuki Motor Company Limited, ii. Indus Motor Company Limited (Toyota) and iii. Honda Atlas Cars Limited, Between 2001 and 2011, car sales in Pakistan increased by 217pc and the sales of the above mentioned three players mainly contributed towards this growth. Indus Motors. Pak Suzuki Motors and Honda Atlas have increased their sales by almost 322pc, 241pc and 217pc respectively in this time period.

Currently, in the 800 cc and 1000 cc market segment, Pak Suzuki is the sole local manu-

facturer/assembler while in the 1.300-1.800 cc cars, the state of competition is slightly better with Honda, Suzuki and Toyota competing amongst each other for market share. Parallel increase and decrease in prices by manufacturers in the last 3 vears from 2010-12 may be a cause of concern from a competition perspective. In all the three market-segments, the manufacturers/ assemblers have excess installed capacities and by not utilising their excess capacities, the incumbent firms signal their inward looking approach towards the domestic industry.

The study also states that Pakistan automobile industry is inward looking and it tries to protect itself through the use of regulatory instruments. Pakistan needs to develop the automobile industry instead of protecting it and in this regard, imports have a disciplinary impact on domestic firms. Currently, the import of cars is allowed only under the Gift, Personal and Baggage Schemes with restriction on allowable age limits.

The policy for import of cars with an allowable age limit of 5 years remained in practice from December 2010 to December, 2012. This policy was changed and the allowable age limit was again reduced to 3 years in December, 2012. Furthermore, on 31 August, 2012, the depreciation rules were also changed. If the cumulative effect of both these policy changes is taken into account, a further protection was landed to protect the domestic automobile industry at the expense of consumer

Tribune

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Competition Commission comes out swinging against auto lobby's claims

Uses data to illustrate how restriction in car imports is hurting columer interest

OUR CORRESPONDENT KARACHI

Contrary to what the automakers' lobby has been arguing for over the past year, the Competition Commission of Pakistan (CCP) - the country's top antitrust watchdog - has recommended that the government should open domestic markets to the import of new cars at reasonable tariffs. In a study released on Tuesday, it has made a case for allowing foreign competition in the sector, which it says will actually benefit consumers, bring in new technology, and offer more choices to buyers.

Focused solely on the autometile sector, the latest rest in report is part of the CCP's ongoing sector-wise studies that seek to assess anti-competitive tendencies in various sectors. In the study, the watchdog has analysed market competition in the passenger cars segment in Pakistan's automobile sector.

The study has found that Pakistan's automobile industry is inward-looking and tries to protect itself through the use of regulatory instruments. The CCP recommends that Pakistan needs to develop the automobile industry – currently dominated by only three major players – instead of protecting it. It recommends easing the import regime, saying it will have a disciplinary effect in this regard.

At present, Pak Suzuki is the sole local manufacturer in the 800cc and 1,000cc market segment. In the 1,300-1,800cc cars segment, the state of competition is slightly better, Study also proposes that strict laws be implemented to prohibit producers and dealers from charging any premiums from customers

as Honda, Suzuki and Toyota compete with each other to increase their market shares. However, parallel increases and decreases in prices by these manufacturers over the last three years signal a cause of concern from the perspective of competition, the CCP says.

In all three market-segments, manufacturers are sitting on excess installed capacities; and, by not utilising their excess capacities, the firms seem to signal their inward-looking approach towards the domestic industry, says the CCP. The study also points out a significant cause of concern from the motor safety perspective. In the absence of regulations, domestic automobile manufacturers do not offer safety features such as antilock breaking system (ABS), airbags and lower carbon emissions. These are coupled with the absence of quality specifications such as alloy rims, power steering and windows in all their vehicles, the CCP said.

"Dealerships are merely agents of manufacturing companies and have no real incentive to compete in the market," it said.

Based on its findings, the CCP has recommended various short- and long-term measures. It has suggested that the government remove barriers to entry and lower import tariffs and make them uniform across all automobile categories.

"This will make cars more

affordable, push the local assemblers to competition, and incentivise the automobile industry to strive towards international standards and pricing," it said.

The CCP said it opposes the recent reduction in allowed age limit for the import of used cars from five to three years. "The import of five-year old vehicles provides a better competitive environment in the local automobile industry," it said. The import of used cars, currently allowed under the gift, personal and baggage schemes, should be reopened according to the watchdog.

The Competition Commission has also suggested that a recently-implemented measure that lowers the depreciation allowance for imported used cars needs to be reconsidered, as it 'may' reduce consumer welfare by increasing the price of imports.



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Auto industry needs to be developed: study

ISLAMABAD, 19 Feb: A sectoral study by the Competition Commission of Pakistan (CCP) highlighted that the country's automobile industry was inward looking and protected itself through the use of regulatory instruments.

"Pakistan needs to develop the automobile industry instead of protecting it and in this regard imports have a disciplinary impact on domestic firms," the updated CCP study on the automobile sector released here on Tuesday noted.

The study is part of the CCP's research programme, titled, Competition Impact Assessment Studies, targetted to assess competition vulnerabilities in various sectors.

The CCP study has criticised government policies of providing protections to the local auto sector, the key among them being restrictions on the import of cars.

By A Reporter

The study highlights that the import of cars is allowed only under the Gift, Personal and Baggage Schemes with restriction on allowable age limits, the policy for import of cars with an allowable age limit of 5 years remained in practice from December 2010 to December, 2012, and it was reduced to 3 years in December, 2012.

"Furthermore, on 31 August, 2012, the depreciation rules were also changed," CCP said adding that if the cumulative effect of both these policy changes is taken into account, another protection was landed to protect the domestic automobile industry at the expense of consumers.

However the study has recommended that opening up of domestic market to the import of new cars at reasonable tariffs and reducing protection of local industry to allow foreign competition for the benefit of consumers.

"This increased competition will reflect in better pricing and improved quality as well as availability of cars on demand," CCP has said, adding that it is preferable for the import of used cars to be open, rather than allowed under the Gift, Personal and Baggage Schemes.

The draft study on auto sector assesses the relevant laws and their impact on the sector; market share of the players; concentration levels of the market; and the behaviour of the players affecting competition.

The CCP has recommended that it was needed to remove entry barriers imposed by higher tariffs.

"This will make cars more affordable, push the local assemblers to be more competitive, and incentivise the automobile industry to strive towards international standards and pricing," CCP said.

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RUSINDSS RECORDER

CCP releases updated draft study on automobiles sector

ISLAMABAD:

comments and suggestions.

tition.

Pak Suzuki Motor Company industry. Limited, ii. Indus Motor The study also states that of regulation, the domestic auto- the consumers. This increased more competitive, and incen- price in advance.

time period.

CCP's research programme, 1000 cc market segment, Pak remained in practice from try does not allow for meaning- the age limit from 3 years to part of a regulatory regime and titled, Competition Impact Suzuki is the sole local manu- December 2010 to December, ful competition as dealerships older than 3 years on the import renewal of registration of vehi-Assessment Studies, is to assess facturer/assembler while in the 2012. This policy was changed are behaving merely as agents of of used cars may be subject to cles may be contingent on passthe competition vulnerabilities 1,300-1,800 cc cars, the state of and the allowable age limit was the manufacturing companies strict road worthiness tests. It is ing of requisite tests in line with in various sectors. The draft competition is slightly better again reduced to 3 years in and have no real incentive to preferable for the import of used developed countries. study on auto sector assesses the with Honda, Suzuki and Toyota December, 2012. Furthermore, compete in the market. Due to cars to be open, rather than 6. Dealerships are merely relevant laws and their impact competing amongst each other on 31 August, 2012, the depre- delay in deliveries, premiums allowed under the gift, personal agents of the manufacturing on the sector; market share of for market share. Parallel ciation rules were also changed, are charged in the secondary and baggage schemes that add companies and have no real the players; concentration levels increase and decrease in prices If the cumulative effect of both markets. of the market; and the behaviour by manufacturers in the last 3 these policy changes is taken Major recommendations of essary to have stringent evalua- ket. It is proposed that strict of the players affecting compe- years from 2010-12 may be a into account, a further protec- the study to improve competi- tion measures to assess the laws should be implemented cause of concern from a compe- tion was landed to protect the tion, both in the short run and depreciation and actual values that prohibit both parties (manu-In the study, the competition tition perspective. In all the domestic automobile industry at long term are: assessment of the passenger three market-segments, the the expense of consumers. cars in the automobile sector in manufacturers/assemblers have For enforcing safety and qual- market to the import of new ers imposed by higher tariffs for the customer. Increased compe-Pakistan has been analysed, excess installed capacities and ity standards, the government cars at reasonable tariffs and imports by significantly lower- tition would also eliminate the which shows that there are cur- by not utilising their excess established Pakistan Standards reducing protection of local ing the tariffs and making them premium problem, as cars will rently three major car manufac- capacities, the incumbent firms and Quality Control Authority industry to allow foreign com- relatively more uniform across be readily available and custurers/assemblers in the car signal their inward looking (PSOCA) in 2000 which has so petition for the benefit of con- all automobile categories. This tomers will not have to wait for industry in Pakistan namely; i. approach towards the domestic far developed standards for only sumers will bring in new tech- will make cars more affordable, 6 months before receiving their

Company Limited (Toyota) Pakistan automobile industry is mobile manufacturers do not competition will reflect in better tivise the automobile industry to The Commission will weland, iii. Honda Atlas Cars inward looking and it tries to offer safety features, such as pricing and improved quality, as strive towards international come public comments and sug-Limited. Between 2001 and protect itself through the use of anti-lock breaking system well as availability of cars on standards and pricing. The tariff gestions on the draft study, 2011, car sales in Pakistan regulatory instruments. Pakistan (ABS), airbags and lower CO demand. increased by 217 percent and needs to develop the automobile emissions along with quality 2. The recent reduction of consultation with the National its website: www.cc.gov.pk

The the sales of the above men- industry instead of protecting it specifications such as alloy rims, allowable age limit for import Tariff Commission (NTC). Competition Commission of tioned three players mainly con- and in this regard, imports have power steering and windows in of cars from 5 to 3 years in 4. The recent measure of lowsector and has uploaded it on 322 percent, 241 percent and schemes with restriction on my due to increased emission year old vehicles provides a bet- imported used cars. the website for soliciting public 217 percent respectively in this allowable age limits. The policy levels and a growing safety haz- ter competitive environment in 5. Mandatory testing for

of the used imported vehicles.

Pakistan (CCP), as part of its tributed towards this growth. a disciplinary impact on domes- all their vehicles. In addition, December, 2012 will further ering the depreciation allowance on-going programme of sectoral Indus Motors, Pak Suzuki tic firms. Currently, the import Pakistan has an aging automo- protect the domestic automobile needs to be reconsidered as it research, has released the updat- Motors and Honda Atlas have of cars is allowed only under bile population which is an industry which is already may reduce consumer welfare ed draft study on automobiles increased their sales by almost the gift, personal and baggage increasing burden to the econo- inward looking. Import of 5 by increasing the price of

for import of cars with an ard. The current dealership/sup- the local automobile industry; emission and road-worthiness The primary purpose of Currently, in the 800 cc and allowable age limit of 5 years ply chain structure in the indus- however the idea of increasing are needed to be introduced as

> transaction costs. It is also nec- incentive to compete in the marfacturers and dealers) from 1. Opening up of domestic 3. Removing the entry barri- charging any premiums from 2 wheelers. Due to the absence nology and offer more choice to push the local assemblers to be car after having paid the full

> > structure needs to be finalised in which can be downloaded from

THE NEWS

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CCP recommends opening up of automobile sector

By Mehtab Haider

ISLAMABAD: The Competition Commission has asked the government to open up the domestic market to new and used car imports by introducing reasonable tariffs and exercising quality control. As part of its ongoing sector research, the CCP has updated a study on the automobile sector.

The primary purpose of CCP's research programme, titled. Competition Impact Assessment Studies, is to assess the competition vulnerabilities in various sectors.

The draft study on the auto sector assesses relevant laws and their impact on the sector: market share of the players; concentration levels of the market; and the behaviour of the players affecting competition.

In the study, the CCP recommends lowering protection of local industry to allow foreign competition, which in turn will reflect in better pricing, improved quality and availability of cars on demand.

The act of reducing the age limit for imported cars from five to three years in December 2012 should protect the domestic automobile industry. Import of five-year old vehicles, provided that they meet road-safety requirements, makes for a more competitive environment.

It is preferable for the import of used cars to be open, rather than allowed under the gift, personal and baggage schemes that add transaction costs. It is also necessary to have stringent evaluation measures to assess the depreciation and actual values of used, imported vehicles, the CCP recommended.

The CCP further recommended removing the entry barriers imposed by higher tariffs for imports by significantly lowering the tariffs and making them more uniform across automobile categories.

This will make cars more affordable, push the local assemblers to be more competitive. and give incentive to the automobile industry to strive towards international standards and pricing. The tariff structure needs to be finalised in consultation with the National Tariff Commission (NTC).

The recent measure of lowering the depreciation allowance needs to be reconsidered as it may reduce consumer welfare by increasing the price of imported used cars. Mandatory testing for emission and road-worthiness need to be introduced as part of a regulatory regime and renewal of registration of vehicles may be contingent on passing of requisite tests in line with developed countries.

Dealerships are merely agents of the manufacturing companies and have no real incentive to compete in the market. It is proposed that strict laws be implemented that prohibit both parties (manufacturers and dealers) from charging premiums from the customer. Increased competition would also eliminate the premium problem, as cars will be readily available and customers will not have to wait six months for their car after having paid the full price in advance.

In the CCP study, the competition assessment of the passenger cars in the automobile sector in Pakistan has been

analysed, which shows that is allowed only under the gift, there are currently three major car manufacturers/assemblers in the car industry in Pakistan. These include Pak Suzuki Motor Company Limited; Indus Motor Company Limited (Toyota) and; Honda Atlas Cars Limited.

Between 2001 and 2011, car sales in Pakistan increased by 217 percent and the sales of the above mentioned three players mainly contributed towards this growth. Indus Motors, Pak Suzuki Motors and Honda Atlas have increased their sales by approximately 322 percent, 241 percent and 217 percent respectively in this period.

Currently, in the 800 cc and 1.000 cc market segment, Pak Suzuki is the sole local manufacturer/assembler while in the 1.300-1.800 cc cars, the state of competition is slightly better with Honda, Suzuki and Toyota competing amongst each other for market share.

crease in prices by manufacturers from 2010-2012 may be cause of concern from a competition perspective. In the three market segments, the manufacturers/assemblers have excess installed capacities and by not utilising their excess capacities, the incumbent firms signal their inward looking approach towards the domestic industry.

The study states that the Pakistan automobile industry is inward looking and it tries to protect itself through the use of regulatory instruments. Pakistan needs to develop the automobile industry instead of pro- dealerships are behaving tecting it and in this regard, merely as agents of the manuimports have a disciplinary im- facturing companies and have pact on domestic firms.

Currently, the import of cars the market.

personal and baggage schemes with restriction on allowable age limits. The policy for import of cars with an allowable age limit of five years remained in practice from December 2010 to December, 2012. This policy was changed and the allowable age limit was again reduced to three years in December 2012. Furthermore, on August 31 2012, the depreciation rules were also changed. If the cumulative effect of both these policy changes is taken into account. further protection was landed to shelter the domestic automobile industry at the expense of consumers.

For the purpose of enforcing safety standards, the government established the Pakistan Standards and Quality Control Authority (PSQCA) in 2000, which has so far developed standards for only two wheelers.

Due to the absence of regu-Parallel increase and de- lation, domestic automobile manufacturers do not offer safety features, such as antilock breaking system (ABS). airbags and lower CO emissions along with quality specifications such as alloy rims, power steering and windows in all their vehicles.

Pakistan has an aging automobile population which is an increasing burden to the economy due to increased emission levels and a growing safety hazard. The current dealership/supply chain structure in the industry does not allow for meaningful competition as no real incentive to compete in