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## Tariff Rationalization For Trucking Sector

### 2.1 Section – I Local Players (Manufacturers)

2.1.1 Pakistan Truck and Prime Mover assembly sector has been continuously expanding and growing according to the needs of the market. Industry produces a diversified range of Trucks and Prime Movers with sufficient idle capacity yet to be utilized. It is anticipated that once the Trucking Policy is implemented by encouraging the use of prime movers, Euro standards and axle load management along with discouraging the import of used and outdated vehicles, the local industry will start utilizing its idle capacity through increasing its market share by producing competitive products.

Presently, Hino Pak Motors Ltd, Ghandhara Nissan Ltd, Bibojee Services (Pvt.) Ltd (Kamaz), Master Motors Corp Ltd and Afzal Motors (Pvt.) Ltd (Daewoo) are the major local assemblers of Trucks/ Prime Movers in Pakistan. Total installed capacities for truck / prime mover manufacturing is almost 28,500 units/annum. Local production of Euro I and Euro II Trucks/ Prime Movers have been started by these units. Unitwise details of Production capacities and other specifications are placed at *Annexure-I*.

### 2.2 Section – II Current Status

2.2.1 In order to encourage usage of modern prime movers / multi-axle, Euro Standard trucks, the Government of Pakistan rationalized the tariffs on CBU's and CKD's during the Budget 2006-07. For the rigid trucks, the CBU and CKD rates were brought down from 60% and 20% to 30% and 10% respectively. Similarly, for improving the use of long haulage, heavy vehicles, duty on the Prime Movers of above 280 Horse Power was slashed from 30% to

15% on CBUs and from 10% to 0% for the CKD Kits.

2.2.2 In view of increasing trends of containerized traffic, duty on the CBU of trailers was brought down from 60% to 15% while on CKD, 5% duty was imposed. For encouraging the local trailer manufacturing, sales tax exemption was allowed to bring them at par with the Trucks and Prime movers.

### 2.3 Section – III Long Term Tariff Regime

2.3.1 In addition to the above measures, long term tariff regime was introduced to provide a predictable and transparent environment for investment. The

present duty rates along with the future tariff structure is depicted in the table – I, II and III.

**TARIFF RATIONALIZATION FOR TRUCKING SECTOR**

**Table - I – Five Year Tariff Plan for Prime Movers (8701)**

Description		07-08 (Present)	08-09	09-10	10-11	11-12
Prime Movers below 280 HP	CKD	10%	10%	10%	10%	10%
	Components for assembly, listed in SRO 693 (I) / 2006 dated 01-07-2006	35%	35%	35%	35%	35%
	CBU	30%	30%	30%	30%	30%
Prime Movers Above 280 HP	CKD	0%	0%	0%	0%	0%
	Components for assembly, listed in SRO 693 (I) / 2006 dated 01-07-2006	35%	35%	35%	35%	35%
	CBU	15%	15%	15%	15%	15%

**Table - II – Five Year Tariff Plan for Rigid Trucks (8704)**

Description	07-08 (Present)	08-09	09-10	10-11	11-12
<b>CKD</b>	10%	10%	10%	10%	10%
<b>Components for assembly, listed in SRO 693 (I) / 2006 dated 01-07-2006</b>	35%	35%	35%	35%	35%
<b>CBU</b>	30%	30%	30%	30%	30%

**Table - III – Five Year Tariff Plan for Trailers (8716)**

Description	07-08 (Present)	08-09	09-10	10-11	11-12
CKD	5%	5%	5%	5%	5%
CBU	15%	15%	15%	15%	15%

**2.4. Section - IV Import of Used Vehicles**

2.4.1 GOP allowed import of heavy duty prime movers to registered transport companies/established fleet operators (owning at least 25 prime movers in their name) in the Trade Policy 2007-08 with following conditionalities.

**2.4.2 Conditions**

- Up to four year old vehicle
- Euro-III compliant
- 380 HP and above
- Each import order to be of minimum 10 prime movers.
- Importer will not be allowed to sell or transfer these vehicles to other

persons or companies within five years of import.

- Fleet operators importing large orders of 100 or more units can start dialogue with OEMs to establish full service support in Pakistan leading to manufacturing and possible future exports from Pakistan

2.4.3 With these policy measures, it is expected that the fleet composition would improve and heavy duty, long haulage prime movers would be imported with environment friendly specs.