

EDB- SD-III/AIDEC/2024

Government of Pakistan

Engineering Development Board

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September 02, 2024

Subject: 5th Meeting of Auto Industry Development and Export Committee (AIDEC)

Kindly refer to the 5th meeting of Auto Industry Development and Export Committee (AIDEC) held on Tuesday, August 20, 2024 at the Committee Room, Engineering Development Board, Islamabad.

2. The minutes of the subject meeting are enclosed for submission of comments (if any) by 13 September 2024. In case no comments are received, the minutes shall stand agreed.

Best Regards.



(Muhammad Ashraf)
Dy. General Manager (SD-III)
051-9207174

Circulation:-

- All AIDEC Members

Copy to:-

- PS to Secretary, Ministry of Industries and Production
- ES to CEO-EDB
- General Manager (SD-II)

Engineering Development Board

Ministry of Industries & Production

Government of Pakistan

5TH MEETING OF AUTO INDUSTRY DEVELOPMENT AND EXPORT COMMITTEE (AIDEC) MINUTES OF THE MEETING

The 5th meeting of the Auto Industry Development and Export Committee (AIDEC) was held on Tuesday, August 20, 2024 at Engineering Development Board, Islamabad. The meeting was chaired by the Federal Minister for Industries and Production, Rana Tanveer Hussain. The Federal Secretary, Industries and Production also attended the AIDEC meeting. List of participants is enclosed at Annex-A.

The meeting was started with the recitation from the Holy Quran. CEO-EDB welcomed the participants and after introduction, following agenda items were presented with the permission of chair;

Item No. 01	Confirmation of the Minutes of 4th Meeting of AIDEC.
Item No. 02	Follow-up of the decisions of 4th Meeting of AIDEC.
Item No. 03	Implementation of Policy Instruments under AIDEP 2021-26 (achievement of export targets by existing OEMs as well as New Entrants)
Item No. 04	A) Mechanism for Addition of Parts in SRO 693(I)/2006. B) New addition of parts / components in SRO 693(I)/2006 to be submitted to FBR through MoIP.
Item No. 05	Implementation of WP-29 Regulations under AIDEP 2021-26. Consideration of Chinese Vehicle Standard (GB) for Chinese Origin Vehicles
Item No. 06	Phasing out of Concessions on Import of CKD Components of Motorcycles and Tractors from SRO 656(I)/2006 to Fifth Schedule (AIDEP 2021-26 Provision).
Item No. 07	Import of Old and Used Auto Parts, in the light of Meeting held in Ministry of Commerce.
Item No. 08	Incorporation of EV Specific components for 4-wheelers EVs (8703.8090) Under 5th Schedule of Customs Act.
Item No. 09	Update on Electric Vehicles Eco-System.
Item No. 10	Discussion on Actions Recommended in National Freight and Logistics (NFLP), Held on 25th July, 2024.

Item No. 11 (Additional Items)	<ol style="list-style-type: none"> 1. Import of Used Vehicles & Depreciation Allowance 2. Sales tax on local input procurement under Export Facilitation Scheme (EFS) may be considered on 0%. 3. Duty Protection on Locally Assembled City & Intercity Buses (Diesel, Hybrid & Electric) and Imposition of 25% Regulatory Duty 4. Exemption of Additional Customs Duty on CKD imports against exported CBU units 5. Rationalization of Customs Duty on tyres not being manufactured locally 6. Amendment / Addition of parts of Hybrid Vehicles in Part V (B) of 5th Schedule of Custom Act, 1969.
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Item No. 1: CONFIRMATION OF THE MINUTES OF 4TH MEETING OF AIDEC HELD ON DECEMBER 12, 2023.

CEO-EDB informed the participants that minutes of the 4th AIDEC meeting were circulated among members and no comments have been received. The house unanimously approved the minutes of the 4th AIDEC meeting held on December 12, 2023.

Decision: AIDEC unanimously approved the Minutes of 4th AIDEC meeting

Item No. 2: FOLLOW-UP DECISIONS OF THE 4TH MEETING OF AIDEC

The participants were briefed on the follow-up decisions / actions on the 4th AIDEC meeting in light of the circulated minutes of the meeting for their information. No specific observations were received from the members. Most of the agendas having continuous effect and will be discussed in the forthcoming agendas.

Item No. 3: IMPLEMENTATION OF POLICY INSTRUMENTS UNDER AIDEP 2021-26 (ACHIEVEMENT OF EXPORT TARGETS BY EXISTING OEMS AS WELL AS NEW ENTRANTS).

CEO-EDB briefed that under the Auto Industry Development Export Policy (AIDEP) 2021-26, export targets for the auto industry have been made mandatory. In this regard, all OEMs operating under SRO 656(I)/2006 are required to initiate targeted exports of vehicles / parts as a percentage of their annual imports. The export targets were 0%, 2%, 4%, 7% and 10% for Year-1 to Year-5.

CEO-EDB highlighted that All OEMs (except Millat Tractors and Atlas Honda Motorcycle) could not meet their 2% export targets for FY 2022-23, subsequently, their annual material import authorization for import of CKD kits were not renewed after 30th Sept 2023. However, on intervention of SIFC, import authorizations were extended to all OEMs till December 31, 2023, on the condition that they will submit their export plans by 31st December 2023. Thereafter, OEMs approached the Sindh and Lahore High Courts and interim relief was granted with direction to EDB to continue providing them import authorization including uploading of the

material quota as per law. Accordingly, in the light of the court orders, import authorizations and manufacturing certificates were provisionally extended to all OEMs as per law.

Similarly, in year 2023-24 only M/s Millat Tractors (Tractors), Atlas Honda Motorcycle, Eiffel Industries, United Motors and SS Motors (2 Wheelers) complied with the export targets.

CEO-EDB, further informed that SIFC in its 9th EC meeting, discussed the matter and decided that MoIP will move a summary for ECC to resolve the issue. Accordingly, the MoIP circulated draft summary to FBR, Bol, MoC, MoS&T, MoF, MoL&J and SBP for their comments. The proposed provisions/ exemptions in the draft summary, are as under;

- i. Export targets may not be compulsory on new entrant under ADP 2016-21 for five years from the date of commercial production of individual model/variant.
- ii. Relaxation of three-year time for new investment, establish their own manufacturing/ assembling facilities for introduction of new vehicles from the date of commercial production of first vehicle.
- iii. The applicability of percentage export targets in the case of 10(i) and (ii) may be 2%, 4%, 7%, and 10% starting from the subsequent year of expiry of their incentives period.
- iv. Exclusion of LCVs/ HCVs/ trailers from the ambit of export targets.
- v. In case of failure to achieve export targets as notified by MoIP, prevailing Custom Duty under SRO-656 may be enhanced by 1% per year, subject to a maximum of 4%, which however will be reduced by 50% in case of at least 50% achievement of export target.
- vi. An Appendix-III may be incorporated in SRO-693 and may be allowed a time relaxation of 6 to 12 months before the proposed changes become effective and attract statutory rate of additional customs duty.

The Federal Minister for Industries and Production, said that Government is very sensitive about exports compliance and is ready to facilitate the auto sector. However, the sector needs to take concrete initiatives for exports. The Minister also emphasized that the auto industry needs to work on improving the product quality, review the vehicle prices and explore the international market for exports.

CEO-Lucky Motors emphasized dire need of signing FTAs/PTAs with African countries like Kenya, South Africa, Mauritius etc. for exports. He further added that consistent policies are vital to enable localization of parts and components to make four wheelers for achieving competitiveness in international export markets.

Chairman PAAPAM underscored that Government should focus on availability of raw materials for development of auto parts and components. He apprised the house that Peoples Steel Mills is the only manufacturer who is providing alloy steel to parts manufacturers and rates of their products are very high due to single supplier monopoly in the market. He requested the government to formulate Auto Parts Manufacturing Policy to promote local manufacturing and Industrialization.



Chairman Master Group added that the auto industry has been facing difficulties in exporting vehicles from Pakistan due to high tariff structure in the exporting country. He requested the Ministry of Commerce to take initiatives for signing FTAs/ PTAs for level playing field to compete in the international markets.

Decision:

- I. *It was decided to constitute a Joint Committee comprising of members from PAMA, PAAPAM, EDB/MoIP and any co-opted member to review the draft summery on exports matters as circulated by MoIP and accordingly submit the recommendations to EDB within 2 week time.*
- II. *PAAPAM will submit a comprehensive proposal to EDB for formulation of "Auto Parts Manufacturing Policy" to promote local manufacturing and enhanced competitiveness.*

**Item No. 4: A): MECHANISM FOR ADDITION OF PARTS IN SRO 693(I)/2006.
B): NEW ADDITION OF PARTS / COMPONENTS IN SRO 693(I)/2006 TO BE SUBMITTED TO FBR THROUGH MOIP.**

CEO-EDB briefed on bi-annual updation of SRO 693(I)/2006 to ensure localization of the parts and components, the same was stipulated in the AIDEP and subsequently incorporated in SRO 656(I)/2006. In this regard, lists of localized parts were shared with OEMs and after consultation / meetings with stakeholders (manufacturers and OEMs), the same were incorporated in SRO 693(I)/2006 by FBR.

CEO-EDB further added that OEMs requested for a grace period of 2 years for local development of proposed auto parts for their respective vehicles which requires necessary approval from their principal, subsequently dies & tools development and its trial/testing. However, EDB suggested grace period up to 1 year with a sunset clause to be mentioned in a new proposed Appendix-III of SRO 693(I)/2006. Accordingly, these localized parts will be shifted to **Appendix-I** or **Appendix-II** of SRO 693(I)/2006 after expiry of grace period. In this regard, the Ministry of Commerce has proposed 6-month grace period for proposed localized parts and FBR proposed to work out some parallel system in lieu of Appendix-III.

CEO-EDB also apprised that a meeting was held on **June 07, 2024** regarding addition of new parts/components, which was attended by the representatives from M/s PSMCL, M/s IMC, M/s HACPL, M/s Lucky Motors, M/s Hyundai, M/s Master Motors, M/s Ghandhara, M/s Hino, M/s Auvtronics, M/s Ravi etc. and following parts / components were proposed for addition in SRO 693(I)/2006.

- i. Addition of Knuckle Steering for SUV
- ii. Addition of Oil Pan upto 1500cc car vehicles
- iii. Addition of Shock Absorber for vehicle of GVW exceeding 5 tons but not Exceeding 8 Tons.
- iv. Addition of Door Hinges for HCVs of 87.04 and Road tractors for Semi-Trailers of 87.01.



Vice Chairman PAAPAM said that once a part is localized, the variant of part discontinues, resulting the vendors to face huge losses, as they incurred huge financing and efforts for the development of the part. He recommended that, if one OEM starts procuring a localized part, it shall be used by other OEMs requiring similar parts. He also proposed that localization of parts and components should be time bound. He supported development of Auto Parts Manufacturing Policy to promote local manufacturing. He further said that quantum of localization should be determined in monetary terms / value rather than percentage of parts.

CEO Lucky Motors underscored that they are in favor of localization and within Lucky they have achieved 30% localization. However, localization should not be implemented forcefully through SRO 693 (I)/2006 which ultimately increases the cost of vehicle. He requested for flexible mechanism for localization through consensus.

Representatives of Honda Atlas Car, Indus Motors Company, Pak Suzuki Motor and Master Changan highlighted their resolve to promote localization with request provide appropriate grace period to develop and localize the parts.

Decision:

- I. *It was decided that Joint Committee as to be formulated under Agenda 3 will review the proposed mechanism and submit recommendation for incorporation in proposed summary.*
- II. *The AIDEC also recommended the addition of following parts for incorporation in SRO 693(I)/2006 by the FBR, through the MoIP;*
 - i) *Knuckle Steering for SUV,*
 - ii) *Oil Pan upto 1500cc Car Vehicles,*
 - iii) *Shock Absorber for vehicle of GVW exceeding 5 tons but not exceeding 8 tons and Door Hinges for HCVs of 87.04 and*
 - iv) *Road tractors for Semi-Trailers of 87.01*

Item No. 5: A): IMPLEMENTATION OF WP-29 REGULATIONS UNDER AIDEP 2021-26
B): CONSIDERATION OF CHINESE VEHICLE STANDARD (GB) FOR CHINESE ORIGIN VEHICLES

GM (SD-II), EDB informed the participants that pursuant to amendment in SRO 656(I)/2006 vide SRO 837(I)/2021 dated 30 June 2021, all OEMs are required to be compliant with WP-29 shortlisted safety Regulations comprising on brakes, steering, tyres, lightning, safety belts, 4 seats, air bags, collision, safety glazing, mirrors & cameras, anti-theft devices etc. by June 30, 2022. Thereafter, extension in timelines for two years was granted by EDB and further extension, up to one year, to be granted by MoIP on recommendation of EDB with maximum upto 30th June 2025.

GM (SD-II), EDB further added that EDB being the secretariat of WP-29 in Pakistan issued letters to all OEM's for submission of compliance. In response, certain OEMs requested



2-year time extension for compliance of WP-29 which was granted by EDB as per policy till June 30, 2024. At the end of financial year 2023-2024, the status regarding compliance to shortlisted regulations has been submitted to MoIP and time extension for one year has been requested from MOIP for the models, non-compliant in few WP 29 Regulations.

He also emphasized that we need to analyze additional WP-29 regulations for adoption and industry demanded a wider consultations on the matter. In this regard, NTRC etc. also recommended for adoption of more regulations.

GM, SD-II also briefed the AIDEC about consideration of Chinese Vehicle Standard (GB). China follows its local vehicle safety standard, Guobiao (GB) and Chinese-origin vehicles assembled in Pakistan follow the Chinese GB standard.

Decision: A) The MoIP to consider extension in timelines (WP-29 Regulations), up to one year, as recommended by EDB.

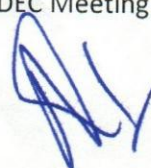
B) AIDEC recommended to consider Chinese Vehicle Standard (GB) as equivalent to WP-29 Regulations. Necessary amendments may be done in SRO to use UNR or other equivalent vehicle safety standards.

Item No. 6: PHASING OUT CONCESSION ON IMPORT OF CKD COMPONENTS OF MOTORCYCLES AND TRACTORS FROM SRO 656(I)/2006 TO FIFTH SCHEDULE AS PER POLICY PROVISION.

CEO-EDB informed that clause 4.1 of AIDEP 2021-26 emphasis to shift the auto sector from existing SRO regime to normal tariff regime. Accordingly, EDB prepared a way forward to bring, in first phase, the Motorcycle and Agriculture Tractor Segment into normal tariff regime, with the following proposal;

- a. The specific parts of Motorcycle and Agriculture Tractor to the extent of non-localization may be allowed @ 15% & 1%, **respectively** under Fifth Schedule of Customs Act, 1969.
- b. The duty rate of CKD kit against motorcycle not exceeding 250cc (PCT: 8711.2010) in First Schedule of Customs Act, 1969 may be reduced to 46% from 50%.
- c. Existing duty rate on import of Agriculture Tractor in CBU or in the form Components for the assembly of Tractors in First Schedule of Customs Act, 1969 may continue at current rate of duty i.e 16%.
- d. The notification of MoIP regarding export target may also be applied on OEM of Motorcycle and Agriculture Tractor availing the benefit of Fifth Schedule of Customs Act, 1969.
- e. The Motorcycle and Agriculture Tractor may be discontinued from the ambit of SRO 656(I)/2006 subsequently.

CEO-EDB, further informed that the proposals were also discussed with the relevant stakeholders in three meetings held wherein it was decided that a working group comprising of



representatives of EDB, PAMA and PAAPAM will further workout the mechanism. In this regard, PAMA and PAAPAM have nominated their members. EDB will arrange meetings to discuss and finalize the recommendations. The representative from MoIP, however, emphasized to complete this exercise by end of September, 2024.

Chairman PAAPAM emphasized the significance of protecting consumer's interests and avoiding any increase in the cost of doing business that may impact consumers. In addition, he said that in case of launching new models (required tariff protection) consistency and stability of policy etc. and urges for a careful and well-thought-out approach which requires some time for such a major shift of policy frame work.

Decision: It was decided that working group meeting will be convened within 10 days on transitioning 2-3 wheelers and tractors from SRO regime to normal tariff regime.

ItemNo.07: IMPORT OF OLD AND USED AUTO PARTS, IN THE LIGHT OF MEETING HELD IN MINISTRY OF COMMERCE.

GM SD-II explained that the matter was already discussed in the 4th meeting of AIDEC held on December 12, 2023 wherein it was decided that the request of old and used parts importers may be referred to Ministry of Commerce (MoC). Accordingly, EDB forwarded the same to the MoC.

A meeting was held in the MoC and they referred back the matter to EDB to provide the statistical data concrete proposal on the matter.

CEO-EDB added that in principle, EDB / AIDEC may not support the import of old and used auto parts. However, the import of old and used auto parts of vintage models to the extent of not manufactured locally, endorsed by PAAPAM and quota of such parts be determined by EDB and/ or IOCO.

DG PAMA and Chairman PAAPAM replied that they do not support the import of old and used parts, this will open an avenue for misuse of auto parts.

Decision: AIDEC decided not to support the import of used and old auto parts. The Ministry of commerce may deal the matter in-light of Import Policy Order.

Item No. 8: INCORPORATION OF EV SPECIFIC COMPONENTS FOR 4-WHEELERS EV (PCT CODE 8703.8090) UNDER 5TH SCHEDULE OF CUSTOMS ACT

CEO EDB informed that under 5th schedule of Customs Act, 1969, EV Specific components for 4-Wheelers Electric Vehicles manufacturers are importable @ 1% CD, subject to certification and quota determination by the EDB. However, list of EV specific components is not defined. Whereas, list of EV components related to 2-3 Wheelers, Hybrid Vehicles and Plug-in Hybrid Vehicles, is specified. In order facilitate the EV 4 wheeler following specific parts were proposed;

1. Electric Motor:
2. Battery Pack:
3. Power Electronics Controller:
4. On-Board Charger:
5. DC-DC Converter:
6. Electric Vehicle (EV) Charging Port:
7. Thermal Management System:
8. Electric Brake Booster:
9. Electric Water Pump:
10. High-Voltage Cables and Connectors:
11. Battery Management System (BMS):
12. Electric Vehicle Control Unit (ECU):

Decision: AIDEC decided that the industry will submit their inputs on the proposed EV specific parts / components within 15 days to EDB. Meanwhile, approvals of EV cases pending in EDB will be processed in light of hybrid and plugin parts as mentioned in the 5th schedule.

Item No. 9: UPDATE ON ELECTRIC VEHICLES ECOSYSTEM

GM SD(II) apprised the members regarding task assigned by SIFC to ensure faster adoption of EVs. He said that primarily the subject was being dealt at MoCC, however, on intervention of SIFC the matter is now referred to EDB/MOIP. Updated status of events and activities is as follow:

- 4 Meetings of working group held in MoIP
- Standards for charging stations to be finalized by NEECA
- Subsidy scheme, if any, to be launched by SBP/MoF
- EDB's engagement with IFC- World Bank Group
- PSQCA to incorporate Chinese Standards in IPO through MoC

The above was shared for information of the members.

Item No. 10: DISCUSSION ON ACTIONS RECOMMENDED IN NATIONAL FREIGHT AND LOGISTICS (NFLP), HELD ON 25TH JULY, 2024.



GM (SD-II), EDB informed that a meeting was held on July 25, 2024 under the Chairmanship of Additional Secretary, Ministry of Communications regarding the National Freight and Logistics Policy. Wherein, chair directed an update status on Truck renewal program from MOIP.

Representative of NTRC/ Ministry of Communication apprised that this policy was made by EDB / MOIP in 2007-2008. However, could not be implemented. The MoIP may consider a renewal and implementation of the said policy. Financing is not available for trucking sector.

GM (SD-II), EDB further iterated that previous trucking policy served as an advisory framework and EDB carried out its official role in declaration of trucking as an industry. The rest of the responsibilities fell largely to Ministry of Planning and Development and Provincial authorities. Since trucking policy is nearly fifteen years old document and the dynamics of trucking industry have evolved significantly. EDB mandate focuses on providing a manufacturing regime for the automotive sector as outlined in the AIDEP 2021-26.

Representative of KIA Lucky Motors stated that if a policy needs to be evolved it may apply across the board, such as retirement age of old and obsolete models of trucking fleet may not be limited to trucks only buses, Cars/SUVs may also be included in the said list.

GM (SD-II) EDB briefed that it was also advised in the meeting held on July 25, 2024, at Ministry of Communication to adopt the WP 29 regulations for semi-trailers and passenger buses.

Representative of Ministry of Science and Technology apprised that PAMA and PAAPAM are not cooperating with them for formulation of standards. PAMA and PAAPAM representatives showed their reservation on formulation of committee for standards by Ministry of Science and Technology.

CEO, EDB requested PAMA and PAAPAM, members to cooperate with PSQCA and Ministry of Science and Technology.

Decisions:

- i. EDB's mandate to focus on providing a manufacturing regime for the automotive sector as outlined in the SRO 656(I)/2006 and AIDEP 2021-26, the same cover trucking sector therefore revision of trucking policy may not be required.
- ii. PSQCA and NTRC will forward the list of new regulations to be adopted and EDB will deliberate it with PAMA and PAAPAM.

Item No. 11: OTHER AGENDA ITEM WITH PERMISSION OF CHAIR.

CEO, EDB apprised the members regarding proposals of PAMA and individual OEMs;



A. PROPOSALS FROM PAMA:

1. IMPORT OF USED VEHICLE:

PAMA proposed to increase of Regulatory Duty from 0% to 15% (on vehicles below 1300cc) to bring at par with RD on new vehicles.

Representative of PAAPAM stated that 62% of total used vehicles imported in Pakistan are 1300cc and less, so the RD imposed in Finance Bill 2024-25 only covers 38% of the imports therefore he requested to impose Regulatory Duty from 0% to 15% (on vehicles below 1300cc). He further iterated that local auto industry / OEMs have to comply with WP-29 regulations while imported used vehicle do not have any such obligatory compliance.

Representative of All Pakistan Dealers Association (APDA) stated that commercial imports of used cars be allowed to create healthy competition in the market. He further referred to socio economic impact of the used cars, as hundreds of people are employed in this chain.

CEO, EDB iterated that this scheme is for ex-patriates and not for the commercial importers. The claim of APDA is contradictory and against the law of land, the scheme is being offered by the Govt of Pakistan to facilitate the ex-patriates who want to bring their vehicle to Pakistan. On the contrary commercial import of vehicles is misuse of the facility.

FBR representative endorse the EDB view point and emphasized that the policy is for expats only.

Pak Suzuki representative suggests that uniform duty must be applied for import of CBU as in case of CKDs, the local manufacturers are paying.

PAAPAM gave suggestion to OEMs to launch a scheme for ex-pats, so that they must be encouraged to buy locally assembled vehicles instead of importing vehicles.

Decision:

- i. **AIDEC recommended 15% RD on imports of used vehicles upto 1300cc. Further depreciation value may be reduced from 1% to 0.5% by the MoC.**
- ii. **OEMs to propose a scheme to attract expats.**

2. SALES TAX ON LOCAL INPUT PROCUREMENT UNDER EXPORT FACILITATION SCHEME (EFS) MAY BE CONSIDERED ON 0%.

Representative of PAMA suggested that sales tax on local input procurement under Export Facilitation Scheme (EFS) may be removed to encourage and promote exports.

FBR representative informed the members that EFS was misused during last 1 year, he requested not to support the proposal.



B. PROPOSALS FROM MASTER MOTOR:

1) DUTY PROTECTION ON LOCALLY ASSEMBLED CITY & INTERCITY BUSES (DIESEL, HYBRID & ELECTRIC) AND IMPOSITION OF 25% REGULATORY DUTY – THE SAME WAS ALSO REFERRED BY MINISTRY OF COMMERCE

Chairman Master Group informed that there is marginal difference in duty and taxes on import of CBU and CKD of buses specially in Hybrid and Electric buses i.e. around 4% to 11% therefore the local assembly of these buses will not be feasible. He requested for duty Protection on Locally Assembled City & Intercity Buses (Diesel, Hybrid & Electric) through Imposition of 25% Regulatory Duty.

Decision: In Principle, AIDEC support the proposal to increase protection for locally assembled buses however the Master Motor will submit the comprehensive proposal for evaluation and accordingly the recommendations will be forwarded to the relevant forum.

2) EXEMPTION OF ADDITIONAL CUSTOMS DUTY ON CKD IMPORTS AGAINST EXPORTED CBU UNITS

Chairman, Master Group stated that the concession for export under SRO 656(I)/2006 is allowed at 0% CD, however, ACD against export quota are not categorically exempted in their respective SROs which create ambiguity therefore, the industry requested for exemption of Additional Customs Duty on CKD imports against exported CBU units.

The committee approves zero-rated ACD on CKD imported against exported CBU units, which will help OEMs reduce export costs. Necessary amendments are required in SRO929 (I)/2024.

Decision: AIDEC recommended that zero rated ACD may be allowed against import of CKD under SRO 656(I)/2006 against exported CBU units as in case of EFS. The matter may also be included in the draft summary of agenda 3.

3) RATIONALIZATION OF CUSTOMS DUTY ON TYRES NOT MANUFACTURED LOCALLY

Senior GM, Master Group apprised that tyres were included in the bi-annual updation exercise of SRO 693(I)/2006. However, he stated that the local tyres manufacturers are not currently producing the full range of truck and bus tyres required for their production. He specifically mentioned truck tires 6.50R16 and 7.00R16 and bus tires 9/R22.5 and 295/80R22.5. He requested to rationalize / not increase the Additional Customs Duty on tyres not manufactured locally (SRO930(I)/2024)

Decision: AIDEC decided that the matter may be evaluated & decided within EDB.



4) **Inclusion of Van and Dumper in Electric Vehicle Policy**

Senior GM, Master Group informed that current electric vehicle policy / 5th schedule encompasses 2/3 wheelers, cars, trucks, and buses, but excludes vans and dumpers. To address this gap, he requested to the AIDEC to recommend and refer this issue to the Ministry of Climate Change for necessary amendments to the EV policy, thereby ensuring the inclusion of vans and dumpers in the policy framework.

Decision: AIDEC agreed with the proposal and requested EDB to take up the matter at appropriate forum

C. **PROPOSALS FROM HONDA ATLAS:**

M/s Honda Atlas Cars representative requested to include certain parts for the manufacturing of hybrid vehicles at reduce rate of customs duty under Fifth Schedule to support the local manufacturing of Hybrid vehicles.

Decision: The proposed HEV additional parts may be consulted with FBR /PAAPAM/industry to ascertain the localization status of the requested parts.