



Pakistan's Auto Industry Unleashing Export Potential for Engineering Goods



Exports play a vital role in modern economies, opening up new markets for goods and fostering economic growth through international trade.

Governments worldwide actively engage in diplomacy and foreign policy to promote and facilitate trade, encouraging exports and imports for the benefit of all parties involved. With this global context in mind, let's explore the potential of Pakistan's auto industry in the world market.

The auto industry is a significant player in the realm of global exports, contributing to the economy in multifaceted ways. In Pakistan, the auto industry stands poised to make its mark on the international stage.

A substantial portion of auto parts—approximately 44%—is theoretically addressable for global markets. These include high-tech aggregates and proprietary components like cylinder blocks and motors. The remaining 56% consists of diverse parts, ranging from skill-intensive to labor-intensive components, steel/casting/iron rubber-intensive parts, and a blend of plastic and metal aggregates. The potential for Pakistan to enter the global auto industry market is substantial. Globally, the aftermarket size stands at an impressive US \$480

billion. To fully realize this potential, the government must play a pivotal role. A well-defined roadmap for at least the next five years is essential. Under this framework, each OEM should export at least one model within five years. OEMs can strategically plan to maximize localization, with based on technological collaboration. TDAP, in collaboration with commercial attachés, should organize webinars with trade associations and buying houses to create a conducive environment for exports. Additionally, the development of an EXPORT portal is crucial for streamlining export-related processes. The Engineering Development Board (EDB) should facilitate Joint Ventures and Technical Collaborations with international companies, with government financial support, ensuring no taxes on royalty and Technical Assistance Agreement (TAA) fees.

A key aspect of enhancing export potential is the development of local raw material manufacturing. Plastic, sheet metal, and other essential components should be produced domestically. Furthermore, the government should invest in public-private partnerships to establish testing facilities, development labs, and design houses. The Small and Medium Enterprises Development Authority (SMEDA) should offer extensive training to improve

productivity, build capacity, and modernize management.

SMEDA can also develop Supply Chain Management Software to benefit Small and Medium-sized Enterprises (SMEs) and initiate export coaching programs, subsidizing relevant certifications as per export requirements. SME Export Club clusters can be formed to facilitate joint exports of engineering goods.

MCE is building a distributor database, MCE can export like sun visors, foam kits, door trim and gearboxes Rexene covers. MCE have already ventured into exporting to significant European markets like the UK, Ireland, and the Czech Republic, with future targets set on the USA, Canada, and Australia.

The ultimate goal is to create SME clusters that unite and empower SMEs to explore the global market. The message is clear: "YOU CAN DO IT!"

Numerous individuals and businesses have achieved remarkable success in the realm of engineering goods exports. They have not only done it but have thrived in their endeavors. Their experiences offer inspiration and proof that success is achievable. The path has been forged, and there's no doubt: "YOU CAN DO IT TOO."

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