Automobile & Auto Parts Manufacture Policy 26–31 & IMF

Passenger Cars, Commercial Vehicles & Auto Parts Manufacturing (PAAPAM / PAMA) under the IMF EFF/RSF Framework: Policy Evolution, Statutory Measures, Growth Trajectory & SAAZ View



IMF Tranche / Review Milestone	Official Date	Tranche / Facility Amount	Direct Linkage to Automobile & Auto Parts Policy 2026–31
3rd EFF & 2nd RSF Review Tranche	**May 14, 2026**	~$1.2 Billion (EFF + RSF)	Mandated National Tariff Policy 2025–30 phase-in, commercial used-car RD cut (40%→30%), and zero unfunded tax breaks.
4th EFF & 3rd RSF Staff-Level Agreement	**October 7, 2026**	~$1.0–$1.2 Billion (Pending Board)	Held Policy News September over differentiated 1%/6%/9% NEV GST until revenue-neutral offsets (ADL & FED) were verified.
IMF Staff Policy Clearance & Board Tranche	**Nov 12 – Dec 2026**	4th EFF / 3rd RSF Tranche Release	Parliamentary Money Bill Notifications - IMF Clearance awaited.

AUTHOR'S NOTE — SAAZ RE-SEARCH

This research dossier examines the structural crossroads of Pakistan's passenger car and auto-parts manufacturing ecosystem at the midpoint of Fiscal Year 2026–27. Following the expiration of AIDEP 2021 –26 on June 30, 2026, the sector has operated without a notified five-year policy framework while transitioning through the NEV Policy 2025–30 & Policy Announcement Sep, Policy Announcement Oct, Policy Announcement Nov of the Automotive & Auto Parts Manufacturing Policy 2026–31. Prepared by **SAAZ Re-Search**, this study audits every statutory action executed by the Government of Pakistan to satisfy IMF EFF/RSF conditions, demonstrates through empirical PAMA and SBP data how the industry has grown organically even without the new policy alongside PAAPAM's localization gains under AIDEP 2021 –26, and presents our independent assessment of IMF conditionalities and credit reforms required to unlock sustainable industrial scale.

SAAZ RE-SEARCH
Document Architecture & Navigation Index

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ABB ABBREVIATIONS & REGULATORY ACRONYMS

The following standardized abbreviations govern fiscal notifications, customs schedules, monetary circulars, and industrial benchmarks analyzed across this report.

Acronym	Full Institutional / Technical Term	Acronym	Full Institutional / Technical Term
ACD	Additional Customs Duty	**MDVAR**	Manufacturing Domestic Value Addition Ratio
ADL	Automotive Development Levy (Proposed 2% / 10%)	**MET**	Mandatory Export Targets (0% FY27 to 15% FY31)
AIDEC	Auto Industry Development & Export Committee	**MoF**	Ministry of Finance, Government of Pakistan
AIDEP	Automotive Industry Development & Export Policy (2021–26)	**MoIP**	Ministry of Industries & Production
BEV	Battery Electric Vehicle (100% Pure Electric)	**NEECA**	National Energy Efficiency & Conservation Authority
CBU	Completely Built-Up (Imported Finished Vehicle)	**NEV**	New Energy Vehicle (BEV, PHEV, REEV, FCEV)
CCP	Competition Commission of Pakistan	**NTP**	National Tariff Policy (2025–30)
CD / RD	Customs Duty / Regulatory Duty	**OEM**	Original Equipment Manufacturer (Vehicle Assembler)
CIF	Cost, Insurance, and Freight (Import Valuation)	**PAAPAM**	Pakistan Association of Automotive Parts & Accessories Manufacturers
CKD / SKD	Completely Knocked-Down / Semi Knocked-Down Kits	**PAMA**	Pakistan Automotive Manufacturers Association
DLTL	Drawback of Local Taxes and Levies (Export Rebate)	**PATI**	Pakistan Automotive Testing Institute
ECC	Economic Coordination Committee of the Cabinet	**PHEV**	Plug-in Hybrid Electric Vehicle
EDB	Engineering Development Board	**PSI**	Pre-Shipment Inspection (Used & Imported Vehicles)
EFF	Extended Fund Facility (IMF 37-Month Program)	**PSQCA**	Pakistan Standards & Quality Control Authority
FBR	Federal Board of Revenue	**PSW**	Pakistan Single Window (Digital Trade Portal)
FED	Federal Excise Duty	**REEV**	Range-Extended Electric Vehicle
GST	General Sales Tax (1%, 6%, 9%, or 18% Standard)	**RSF**	Resilience and Sustainability Facility (IMF Climate Facility)
HEV	Conventional Hybrid Electric Vehicle	**SBP**	State Bank of Pakistan
ICE	Internal Combustion Engine (Petrol / Diesel)	**SMEDA**	Small and Medium Enterprises Development Authority
IMF	International Monetary Fund	**SRO**	Statutory Regulatory Order
IOCO	Input-Output Coefficient Organization	**TBML**	Trade-Based Money Laundering
IPO	Import Policy Order	**UN WP.29**	UN World Forum for Harmonization of Vehicle Regulations

01 POLICY EVOLUTION MATRIX: FROM NEV POLICY 2025–30 TO FINAL IMF-CLEARED UPDATE

Following the sunset of AIDEP 2021–26 on June 30, 2026, Pakistan's automotive regulatory architecture evolved through five distinct milestones between August 2025 and November 2026. Each iteration recalibrated tariff slabs, sales tax differentials, localization mandates, and export penalties to reconcile MoIP and EDB industrial objectives with IMF EFF/RSF revenue-neutrality requirements **[MoIP, 2025] [IMF, 2026b]**.

Policy Stage & Window	Primary Architect & Institutional Forum	Core Fiscal, Tariff & Taxation Architecture	Localization, Export & Industrial Mandates	IMF Reaction & Regulatory Disposition
Stage 0: NEV Policy 2025–30 (Notified Aug 13, 2025)	MoIP & EDB; Federal Cabinet approval	1% GST on locally built BEVs; 1% customs duty on EV-specific parts & cells; 0% duty on plant machinery; Rs 65k–80k 2/3-wheeler subsidies.	Target of 30% NEV penetration across new vehicle sales by 2030 (2.21 M units, 92.9% in 2/3-wheelers) and 3,000 charging/swapping stations **[MoIP, 2025]**.	Aligned with RSF climate goals, but IMF flagged fiscal leakage risks from open-ended tax exemptions without offsetting revenue levies.
Draft 1–2 & Draft 3 (Jun – Oct 16, 2026)	MoIP / EDB Drafting Committee; Tariff Policy Board	Proposed 1% GST on BEVs, 6% on REEVs, and 9% on PHEVs (vs. 18% standard GST); 4-slab customs duty (0%, 5%, 10%, 15%) aligned with National Tariff Policy **[MoIP Draft 3, 2026]**.	Initial $4.59B–$6.01B export vision; 20% cap on customer booking advances to curb "on-money"; contract manufacturing to absorb 41%–80% idle capacity.	**Initial IMF Hold (Jun–Oct 2026):** IMF Staff opposed differentiated GST rates (1%/6%/9% vs. 18%) and demanded explicit revenue offsets.
Draft 4 (Fiscal Offset Revision) (Late Oct – Nov 4, 2026)	MoIP, Ministry of Finance (MoF) & FBR Joint Working Group	Introduced the **Automotive Development Levy (ADL)** on ICE vehicles (0% up to 1,000cc; 2% on 1,001–2,000cc and commercial trucks/buses; 10% above 2,000cc) plus 10% FED on EVs above $75,000 **[AHL, 2026]**.	Mandatory Export Targets (MET): 0% in FY27, 5% of factory-gate value in FY28, rising to 15% by FY30–31; DLTL rebate set at 5% base + 10% incremental bonus.	Reviewed by Senate Standing Committee (Nov 4, 2026) and transmitted via MoF to IMF Mission to prove net treasury surplus of Rs 21.1B–64.4B.
Draft 5 (Penal & Localization Tightening) (Nov 7–10, 2026)	Prime Minister's Steering Committee & ECC	Retained 1% BEV, 6% REEV, 9% PHEV GST; 5% CBU duty on small BEVs (<$15,000 CIF) for 2 years; 0% duty & 1% GST on EV charging equipment.	Compulsory localization: 40% ICE cars/SUVs, 45% LCVs, 25% NEV cars/SUVs by FY31 (+2% p.a. for incumbents); Rs 2.1B EDB-SMEDA vendor fund for 2,200 part makers.	Tightened compliance rules: +3% punitive CKD duty for missed localization; 1%–3% factory-gate fine and license cancellation after 2 years of export failure.
Final IMF-Cleared Update (Nov 11–12, 2026)	PM Endorsement; IMF Staff No-Objection; Cabinet & Money Bill	CBU tariffs rationalized to 35% (≤850cc) up to 115% (>1,800cc) by FY31; NEV CBUs at 15%; SBP green loan ceiling raised from Rs 3M to Rs 10M (5-yr tenor) **[The Scoop, 2026]**.	5% BEV import concession tied to surety bond, bank guarantee, and mandatory local commercial assembly by **September 30, 2028**; 45 UN WP.29 safety standards via PSQCA.	**IMF No-Objection Cleared:** Ready for Federal Cabinet ratification and Parliamentary Finance/Money Bill enactment by December 2026.

02 HIGHLIGHTED GOVERNMENT OF PAKISTAN MEASURES FOR THE IMF (STATUTORY AUDIT)

To secure tranche disbursements under the 37-month EFF and RSF arrangements, the Government of Pakistan (GoP) enacted concrete statutory reforms across FBR, Ministry of Commerce, SBP, PSW, and MoIP to eliminate tariff cascading, liberalize commercial used-vehicle imports, guarantee revenue neutrality, and enforce digital FX governance **[IMF, 2026a] [FBR, 2026]**.

Highlighted GoP Measure for IMF	Enacted Statutory Instrument & Legal Authority	Executing Agencies	Annual Treasury, Revenue & External Account Impact (FBR / SBP / PSW)	Compliance Status & Legal Audit
1. Tariff Rationalization & Deletion of Cascading Walls	**Finance Act 2026** (Fifth Schedule to Customs Act, 1969) & **SRO 1064(I)/2026** (effective July 1, 2026).	FBR Customs, MoC (Tariff Policy Board), EDB	Reduces sector weighted-average tariff from 15.7% toward 6.0%–7.4% by FY30; cuts ACD and phases down maximum CD slabs to 0%–15% on inputs while preserving fiscal yield via volume recovery.	**MET (Phase I)** Phase II scheduled for FY27–28 Finance Bill.
2. Commercial Used-Vehicle Import Liberalization	**Import Policy Order (IPO) Amendments 2025/2026** (Sec. 3 of Imports & Exports Control Act, 1950) & **SRO 1065(I)/2026** (July 1, 2026).	Ministry of Commerce, FBR Customs, PSQCA, EDB	Commercial used-car RD cut from 40% to 30% on July 1, 2026 (roadmap: 20% FY28, 10% FY29, 0% FY30); personal baggage closed (Jan 2026); TR/Gift age set at 3 yrs; 2,276 used units cleared in Sep 2026 alone **[PAMA, 2026b]**.	**MET** Active; Pre-Shipment Inspection (PSI) enforced.
3. Revenue-Neutral Fiscal Offset (ADL & Luxury EV FED)	**Finance Act 2026** (Sales Tax Act, 1990 Sixth Schedule amendments) & pending **Dec 2026 Money Bill** (ADL & FED).	FBR Inland Revenue, MoF, MoIP	Standard 18% GST enforced on ICE/HEV vehicles; proposed ADL (2% on 1,001–2,000cc; 10% >2,000cc) + 10% FED on EVs >$75k generates Rs 349.94B gross receipts, yielding Rs 21.1B–64.4B net treasury surplus after EV/DLTL offsets.	**CLEARED BY IMF** Awaiting Dec 2026 Money Bill passage.
4. Digital Trade Governance, FX Controls & Anti-TBML	**Pakistan Single Window Act, 2021** (PSW-WeBOC integration), **FBR REEV Public Notice 02/2026**, & **SBP EPD Circulars**.	PSW, FBR Customs, SBP Exchange Policy Dept.	100% electronic LPCO clearance, real-time commercial bank I-Form/E-Form matching via PSW, and mandatory corporate filer + 3S network verification eliminate under-invoicing and informal hawala settlements.	**MET (Continuous)** Gross FX reserves at ~$21.3B–$21.5B (Sep 2026).
5. RSF Climate Mobility & EV Ecosystem Rollout	**NEV Policy 2025–30 Notification** (Aug 13, 2025), **NEECA Charging Regulations**, & proposed **Motor Vehicle Industry Dev. Bill**.	MoIP, EDB, NEECA, Ministry of Climate Change	Targets avoidance of 1.823M tons of petroleum imports (~$1.6B–$1.7.7B cumulative FX savings over 5 years); 2-wheeler EV sales surged 300% YoY from 60,000 (FY25) to 240,000 (FY26) **[Automark, 2026]**.	**MET / ON TRACK** Grid charging tariff & station rollout active.
6. Consumer Protection & Anti-Cartel Enforcement	**Competition Act, 2010** (CCP March 2026 Auto Study) & **Auto Policy 2026–31 Clause 4.6** (20% advance cap & price lock).	Competition Commission of Pakistan (CCP), MoIP, EDB	Caps booking advance at 20%, mandates firm delivery schedules with delay penalties, prohibits "on-money" premiums, and establishes PATI for 45 UN WP.29 safety standards.	**IN PROGRESS** Statutory enforcement upon Cabinet notification.

03 SAAZ VIEW ABOUT IMF: CRITICAL ASSESSMENT & MID-FY26–27 WORKOUT PLAN

SAAZ Re-Search evaluates the IMF's intervention in Pakistan's automotive policy as a double-edged structural catalyst: while IMF fiscal discipline rightly prevented open-ended tax giveaways and forced binding export and localization clawbacks, rigid insistence on rapid CBU tariff cuts and used-car liberalization risks eroding domestic PAAPAM vendor scale unless sequenced with domestic credit expansion and strict Pre-Shipment Inspection (PSI) enforcement **[IMF, 2026b] [The Scoop, 2026]**.

Core Policy Pillar	SAAZ View About IMF Position (Strengths vs. Structural Blind Spots)	SAAZ Re-Search Operational Workout Mechanism (H2 FY2026–27)	Execution Window
1. Revenue Neutrality & NEV Tax Cross-Subsidy	**SAAZ View:** IMF's demand for revenue neutrality is fiscally sound—Pakistan cannot afford uncompensated GST cuts under a 2% primary surplus target. However, taxing 1,001–2,000cc family sedans via a 2% ADL penalizes mid-tier localized assemblers while conventional hybrids (HEVs) remain stranded at 18% GST.	Enact the **Automotive Development Levy (ADL)** (2% on 1,001–2,000cc; 10% >2,000cc) and 10% FED on luxury EVs (>$75k) inside the Dec 2026 Money Bill; ring-fence ADL inflows in a dedicated MoF-FBR ledger to fund 1%/6%/9% NEV GST slabs and 5%+10% DLTL export rebates.	**30–45 Days** (Dec 2026 Money Bill; effective Jan 1, 2027)
2. Tariff Rationalization vs. Vendor Protection	**SAAZ View:** Dismantling infinite tariff protection forces long-overdue OEM efficiency, yet cutting CBU duties too steeply before PAAPAM vendors achieve economies of scale could turn Pakistan into a trading market rather than a manufacturing hub.	Automate annual July 1 tariff step-downs inside the Fifth Schedule of the Customs Act via PSW tariff tables; replace discretionary EDB exemptions with rule-based IOCO digital quotas tied strictly to audited domestic localization certificates.	**6–42 Months** (Jan 2027 reset; full convergence Jul 1, 2030)
3. Commercial Used-Vehicle Liberalization	**SAAZ View:** IMF views used imports as a cure for OEM "on-money" premiums, but 2,276 used cars cleared in September 2026 alone consumed scarce SBP foreign exchange without creating a single local vendor job or warranty network.	Enforce PSW corporate-filer registration, mandatory 3S after-sales network proof, and accredited PSI safety/emission certificates at port of origin; execute annual 10% RD reductions (30%→20%→10%→0%) only if SBP FX reserves exceed program floors.	**3–31 Months** (PSI active Q3 FY27; RD phase-out Jul 2029)
4. Concessional Sub-$15k BEV CBU Window	**SAAZ View:** Allowing 5% CBU duty on small BEVs (<$15,000 CIF) accelerates consumer EV adoption, but without ironclad bank guarantees, importers could exit after two years without building local assembly lines.	Require importers to lodge an irrevocable bank guarantee and surety bond with FBR Customs equal to the differential duty (20%–45%), encashable automatically on **October 1, 2028** if EDB does not certify local commercial assembly of that exact variant.	**22 Months** (Hard statutory sunset: Sep 30, 2028)
5. Binding Localization & Export Clawbacks	**SAAZ View:** This is the strongest feature of the IMF-backed draft. Replacing soft promises with +3% CKD duty penalties and 1%–3% export fines finally aligns OEM incentives with PAAPAM's $3.29B component export target.	Institute bi-annual EDB-third-party MDVAR audits: impose an automatic +3% customs duty surcharge on non-localized CKD kits for localization shortfalls, and levy 1%–3% factory-gate fines (leading to license cancellation after 2 years) for missed export quotas.	**12–18 Months** (First binding MET & MDVAR audit in FY28)

04 INSTITUTIONAL GOVERNANCE: GOVERNMENT & AUTO SECTOR STAKEHOLDER MATRIX

With seven months remaining in Fiscal Year 2026–27 (December 2026 – June 2027), translating the IMF-cleared framework into operational industrial output requires synchronized execution across nine primary state and private-sector institutions:

Stakeholder Entity	Sector Side	Statutory & Operational Mandate under Policy 2026–31	Critical Deliverable for H2 FY2026–27 (Dec 2026 – Jun 2027)
Ministry of Industries & Production (MoIP)	Government (Lead)	Policy custodian; chairs Auto Industry Development & Export Committee (AIDEC); coordinates Cabinet ratification and mid-term 2028 policy review.	Obtain Federal Cabinet approval and issue final Policy Notification immediately following Parliamentary Money Bill passage.
Ministry of Finance (MoF) & FBR	Government (Fiscal)	Drafts Money Bill amendments; administers ADL, FED, GST (1%/6%/9%/18%), DLTL export rebates (5%+10%), and Customs SROs.	Pilot the December 2026 Money Bill through Parliament; notify ADL collection rules and Sixth Schedule NEV input exemptions.
Engineering Development Board (EDB)	Government (Technical)	Administers OEM manufacturing certificates, model-wise localization audits (MDVAR), IOCO CKD quotas, and the Rs 2.1B vendor upgradation fund (with SMEDA).	Publish updated Deletion Programs, model-wise localization baselines (+2% p.a.), and contract-manufacturing SOPs to tap idle plant capacity.
State Bank of Pakistan (SBP)	Government (Monetary)	Regulates consumer auto-financing prudential limits, bank tenor caps, green NEV credit lines, and commercial import/export FX settlement rules.	Issue Prudential Regulations circular raising NEV financing ceiling from Rs 3M to Rs 10M (5-year tenor) and recalibrating conventional auto loan caps.
Pakistan Single Window (PSW) & PSQCA	Government (Trade/Std)	PSW integrates Customs, commercial banks, and EDB LPCOs; PSQCA & PATI enforce 45 UN WP.29 vehicle safety and emission standards.	Update PSW digital tariff/PCT classification engines (including REEV/PHEV/BEV codes) and operationalize PSI verification for used imports.
PAMA (OEM Assemblers)	Auto Sector (OEMs)	Represents 16+ passenger car, SUV, LCV, tractor, and 2/3-wheeler assemblers; executes CKD localization, EV assembly, and parent-principal export integration.	Transition dealer networks to the 20% booking advance cap, lock post-booking prices, and sign parent-company export off-take agreements.
PAAPAM (Auto Parts Vendors)	Auto Sector (Vendors)	Represents ~2,200 Tier-1/Tier-2 component manufacturers ($1.5B+ invested capital); tasked with delivering $3.29B of the $6.01B 5-year export target.	Establish 5 anchor vendor export clusters using the Rs 2.1B EDB-SMEDA grant; obtain IATF 16949 international quality certifications.
Commercial Importers & EV Entrants	Auto Sector (New/Trade)	Execute corporate used-vehicle imports under SRO 1065(I)/2026 and establish greenfield NEV assembly plants (e.g., BYD, Chery/Jaecoo, electric 2-wheelers).	Register corporate 3S dealerships on PSW; lodge bank guarantees for sub-$15k BEV imports and break ground on local assembly lines before 2028.

05 AUTOMOTIVE SECTOR GROWTH GRAPHS: WITHOUT POLICY 26–31 & AIDEP 21–26 PAAPAM RESULTS

Even while operating without an enacted 2026–31 policy during July–November 2026, Pakistan's automotive industry demonstrated robust organic expansion driven by macroeconomic stabilization, lower interest rates, and expanding bank auto credit—building directly upon the vendor localization and volume expansion achieved under **AIDEP 2021–26** [PAMA, 2026b] [PAMA, 2026c] [SBP, 2026].

Chart A: Organic Sector Growth Without Policy 26–31 (Q1 FY27 & Oct 2026)

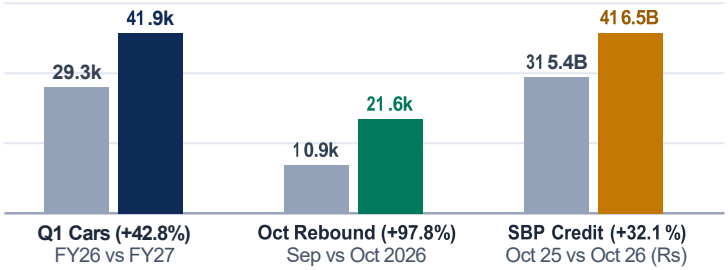
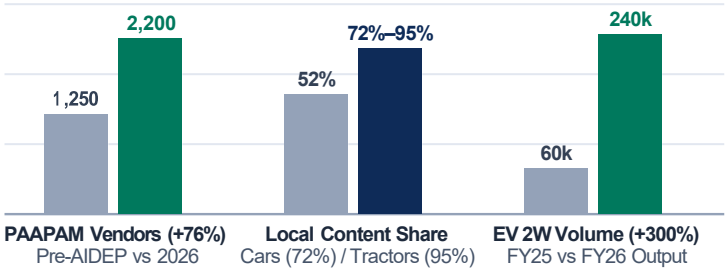


Chart B: AIDEP 2021–26 Results — PAAPAM Vendor Scale & Localization Volume



Empirical Growth Benchmark	Baseline Period	Latest Achieved	Net Delta	AIDEP 21–26 & Pre-Policy Growth Linkage
PAMA Passenger Car Sales (Q1 FY27)	29,318 units (Q1 FY26)	41,872 units (Q1 FY27)	**+42.8% YoY**	Achieved without Policy 26–31; October 2026 hit 21,635 units (+97.8% MoM vs Sep).
SBP Consumer Auto Financing Stock	Rs 315.40B (Oct 2025)	Rs 416.54B (Oct 2026)	**+32.1% YoY**	23 straight months of credit expansion (+Rs 101.14B YoY) fueling retail demand.
PAAPAM Vendor Ecosystem & Localization	~1,250 vendors (2021)	~2,200 vendors (2026)	**+76.0% Scale**	AIDEP 2021–26 tariff incentives lifted localized parts volume to 65%–72% in small cars, 90%+ in 2/3W, and 95% in tractors ($1.5B+ vendor capex).

06 SAAZ STRATEGIC RECOMMENDATIONS: SCALING PAMA, PAAPAM & SBP AUTO CREDIT

To convert the current organic demand recovery into sustained export-led manufacturing under the 2026–31 policy cycle without breaching IMF fiscal or foreign-exchange ceilings, **SAAZ Re-Search** proposes four targeted policy interventions for immediate adoption in H2 FY2026–27:

Strategic Pillar	Current Structural Bottleneck	SAAZ Re-Search Recommended Action	Quantified Sector Impact
1. Tiered SBP Consumer Auto-Financing Relaxation	SBP's existing Rs 3.0M cap and 3-year tenor limit on conventional auto loans exclude locally assembled sedans, SUVs, and LCVs priced at Rs 4.5M–9.5M, even as NEV loans rise to Rs 10M.	Raise SBP's financing ceiling to **Rs 6.0 million for high-localization ICE/HEV vehicles (≥50% local content)** alongside the **Rs 10.0 million ceiling for NEVs**, extend tenors to 5–7 years, and cut minimum down payment from 30% to 20% for first-time buyers.	Expands SBP auto credit book toward Rs 520B+ in FY27; directly boosts PAAPAM order books with minimal FX drain.
2. Contract Manufacturing & "Localized-First" Procurement	PAMA assembly plants carry 41%–80% idle capacity (Sep 2026 output of 17,040 units exceeded sales of 10,939 units), while new EV entrants risk relying on imported SKD kits.	Operationalize EDB contract-manufacturing rules immediately so new NEV entrants utilize existing PAMA paint/weld lines and source Tier-1 pressings, seats, wiring harnesses, and plastic moldings from PAAPAM vendors from Day 1.	Lifts PAMA plant utilization above 65% and cuts new entrant capex by 35%–45%.
3. Ring-Fenced Rs 2.1B EDB–SMEDA Export Tooling Fund	PAAPAM vendors must deliver $3.29B of the $6.01B 5-year export target but face high die/tooling costs and lack IATF 16949 global OEM certification.	Dedicate the Rs 2.1B EDB–SMEDA grant to five regional common-facility tooling, forging, and testing clusters plus 70% matching grants for IATF 16949 certification, targeting global aftermarket replacement parts (GCC, ASEAN, East Africa).	Enables 250+ Tier-1/Tier-2 vendors to enter global aftermarket supply chains by FY28.
4. Dec 2026 Money Bill Powertrain Tax Certainty	Unresolved GST differentials (18% on HEVs vs. proposed 9% PHEV and 6% REEV) caused buyer hesitation in Q1 FY27 and triggered pre-emptive CBU imports.	Enact the Money Bill in December 2026 with a transparent, multi-year powertrain tax table (1% BEV, 6% REEV, 9% PHEV, and phased localization-linked relief for HEVs) paired with strict PSI enforcement on used imports.	Eliminates market deferral and unlocks pent-up Q3/Q4 FY27 retail demand across all segments.

Macro-External Safeguard Note (SAAZ Re-Search): Linking SBP auto-financing relaxation specifically to vehicles with **≥50% verified domestic localization** ensures that every Rs 10 billion in incremental consumer bank lending flows predominantly to Pakistani steel, polymers, rubber, glass, wiring, and engineering vendors within PAAPAM—stimulating industrial employment and FBR domestic GST/income tax receipts without pressure on SBP foreign exchange reserves.

07 VERIFIED PRIMARY SOURCES & REGULATORY CITATIONS

All statutory instruments, IMF tranche dates, fiscal projections, and production statistics in this dossier are verified against the primary official releases listed below:

1. **Ministry of Industries & Production (MoIP) & Engineering Development Board (EDB):** *New Energy Vehicles (NEV) Policy 2025–30*, Notified August 13, 2025; Draft V1.4 (120625) & Senate Standing Committee on Industries & Production Briefing (November 4, 2026).
2. **MoIP / EDB Drafting Committee:** *Automotive and Auto Parts Manufacturing Policy 2026–31 (Draft 3 Updated, October 16, 2026; Draft 4 & Draft 5 Final IMF-Cleared Text, November 11–12, 2026)*, Section 4.4 (NEV Taxation & SBP Credit Limit), Section 4.6 (Consumer Protection), and Appendix V.
3. **International Monetary Fund (IMF):** *Pakistan: Third Review Under the Extended Arrangement Under the Extended Fund Facility (EFF) and Second Review Under the Resilience and Sustainability Facility (RSF)*, IMF Country Report No. 2026/101, May 14, 2026 (Structural Benchmarks on Tariff Reform, Fiscal Primary Surplus, and Anti-TBML).
4. **International Monetary Fund (IMF):** *IMF Staff Completes 2026 Article IV Consultation and Reaches Staff-Level Agreement on the 4th EFF Review and 3rd RSF Review*, IMF Press Release PR26/326, October 7, 2026.
5. **Federal Board of Revenue (FBR) & Ministry of Commerce:** *Finance Act 2026* (Fifth Schedule to Customs Act, 1969; Sixth Schedule to Sales Tax Act, 1990); *SRO 1064(I)/2026* & *SRO 1065(I)/2026* (July 1, 2026, reducing commercial used-vehicle Regulatory Duty from 40% to 30%); *FBR Classification Public Notice 02/2026* (REEV Classification); *Pakistan Single Window (PSW) Act, 2021*.
6. **Pakistan Automotive Manufacturers Association (PAMA):** *Automotive Production and Sales Figures & Monthly Write-up for September 2026* (Ref: PAMA/MoIP/097/2026 & October 13, 2026 Release), documenting Q1 FY27 sales (+42.8% YoY) and September used-car imports (2,276 units).
7. **Pakistan Automotive Manufacturers Association (PAMA):** *Production and Sales Data for October 2026* (November 2026 Release), recording 21,635 passenger car sales (+97.8% MoM).
8. **State Bank of Pakistan (SBP) / Industry Banking Data:** *Consumer Credit & Automobile Financing Outstanding Series (October 2026)*, reported via Car Mandi / Business Recorder (November 18, 2026), recording Rs 416.54 billion (+32.07% YoY; 23 consecutive months of growth).
9. **Arif Habib Limited (AHL) Research & SustainStrat Analytics:** *AHL Alert: Automobile Assemblers — Auto Policy 2026–31 Key Proposals* (October 21, 2026) & *Pakistan Auto Policy 2026–31: Evidence-Based Analysis* (September 14, 2026).
10. **Print & Digital Media Intelligence (Business Recorder, The Express Tribune, The Scoop, Dawn, PakWheels, DrivePK, ChargePK):** *Pakistan Auto Policy Draft Slashes EV Sales Tax to 1% and Enforces $6 Billion Export Target Pending IMF Approval* (November 11–13, 2026) & *EV Financing Limit Could Rise to Rs 1 Crore Under New Auto Policy* (October 20, 2026).
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