

# Pakistan



## The Motorcycle Industry in Pakistan: Investment Opportunities and Prospects (Part I)

### About The Pakistan China Motorcycle Industry Council (PCMIC)

This organization is a Pakistan & China Motorcycle trader & Industrial group network for Pakistanis, Chinese and their friends. In addition to being a Pakistan & China motorcycle trade & industry watcher, an investor, a business consultant and an avid follower of the Chinese Motorcycle Trade & Industry markets.

The Pakistan China Motorcycle Industry Council (PCMIC) has been created as an instrument to aid the harmony between the Pakistani importer cum motorcycle assemblers and Chinese exporter cum motorcycle manufactures. The PCMIC's main goal is to smooth the way for further expansion by all parties and to aid in communication and develop better relationships. Global Chinese motorcycle makers are welcome to seize opportunities in Pakistan and further increase their market shares as currently 55% are Chinese branded motorcycles and 45% Japanese.

### Muhammad Yousuf Shaikh

**The Founder & Chairman of Pakistan China Motorcycle Industry Council, offers his analysis of the motorcycle trade & industry trends from Pakistan & China. As the Chairman of PCMIC working with motorcycle trade & industry for over two decades, Yousuf believes that new projects with foreign investment particularly Chinese investment could help Pakistan to design and produce its own automobiles mainly motorcycles, engines as Pakistan have strong brotherly & bilateral trade relation with China.**

pakchina.mic@gmail.com



**T**he report title 'Motorcycle Industry in Pakistan; Investment opportunities and Prospects' presents a valuable resource on Pakistan's leading and potential motorcycle industrial sectors highlighting useful information and data in a concise way so as to facilitate entrepreneurs with informed decision making with regard to investment in a particular sector.

The report highlights sector situation analysis including existing capacity and production trend, trade data, technology level, investment opportunities, export potential etc.

Efforts have been made to enlist leading players in the sector. Possibilities for foreign investors, wherever possible, of entering into technical collaboration or joint venture with Pakistani companies have been highlighted. In addition, outsourcing possibilities, especially in the motorcycle parts and components sub-sectors, have also been made part of the report.

### DISCLAIMER

The team of PCMIC's experts, Global Auto Sources (GAS Magazine) and CHINAMOTOR

Magazine endeavor, using their best efforts in the time available, to provide high quality services hereunder and have relied on information provided to them by a wide range of other sources. However, they do not make any representations or warranties regarding the completeness or accuracy of the information included in this report.

The information provided in this report does not necessarily represent the views or positions of the Ministry of Industries, Government of Pakistan. April 12, 2013

The senior members of the Pakistan China Motorcycle Industry council (PCMIC) are Mr. Muhammad Yousuf Shaikh (founder & central Chairman of PCMIC) and Mr. David McMullan (Co-Chairman of China region of PCMIC). Yousuf and David are vastly experienced in this industry and they will both dedicate their time and efforts to help improve Pakistan-China relationships and are available for advice at any time.

### The Story of PCMIC

"The Pakistan-China Motorcycle Industry Council was jointly organised by Mr. David McMullan and Muhammad Yousuf Shaikh in China on 18th Oct 2010 and endeavours to open new avenues for the promotion of bilateral trade and economic relations between the two countries", stated Muhammad Yousuf Shaikh, Founder & Central Chairman of Pakistan China Motorcycle Industry Council and Chairman China Region of PCMIC.

During a meeting with Mr. David McMullan, Muhammad Yousuf Shaikh formed the initiative for organising the Pakistan China Motorcycle Industry Council, which he considered a natural follow-up to the decisions taken to enhance Pak-China bilateral trade during the visit of the Prime Minister to China. Muhammad Yousuf Shaikh also discussed the forthcoming Motorcycle Trade and Industry Exhibition CIMA -MOTOR being organised by CCPIT on every year in Chongqing and other matters of mutual interest for the promotion of Pak-China economic relations.

### PCMIC Intentions

At the meeting it was also decided that Muhammad Yousuf Shaikh and David would make a combined movement in exploring the emerging Pakistan Motorcycle market particularly by increasing

Chinese interest and Pakistan's participation at the Chinese exhibitions, which is the modern tool to penetrate the potential markets. Muhammad Yousuf Shaikh having a long association with China stated that his dialogue with David in Chongqing has resulted in vast opportunities for Pakistani motorcycle Importers cum assemblers & Chinese motorcycle exporters cum manufacturers and parts manufacturers of motorcycle sectors for participation in CIMA-MOTOR each year.

Consequently the share of PCMIC representation in fairs and forums has increased manifold. Complimenting the offer made by exhibition organisers to the Pakistan China Motorcycle Industry Council, Yousuf said that "the economic relationship particularly with Chongqing of China has increased significantly." Muhammad Yousuf Shaikh who had also the privilege of being the Founder and President of the Association of Motorcycle Importers of Pakistan acknowledged that "Pakistan and South Asian Countries are emerging markets for motorcycles with immeasurable potential and this is the right time for Pakistan & China Motorcycle Manufacturers to make the maximum use of these markets to gain footholds and maximum shares by the aggressive marketing of its products."

Muhammad Yousuf Shaikh was assured that David would continue extending his support to PCMIC for measures which will promote business activities in Pakistan & China. The Motorcycle Industry Council also exists to preserve, protect and promote motorcycling through government, communications and media relations, statistics and research, aftermarket programs, the development of data communications standards, and activities surrounding technical and regulatory issues. As a

non-profit, national industry association, the PCMIC seeks to support motorcyclists by representing manufacturers and distributors of motorcycles, scooters, motorcycles/ATV/ROV parts and accessories, and members of allied trades such as insurance, finance and investment firms, media companies and consultants

### About the Global Auto Sources

Global Auto Sources (GAS Magazine) is the only English language magazine that features the entirety of the Chinese auto/moto industry including cars, tractors and all agricultural vehicles, diggers and all industrial vehicles, motorcycles, electric vehicles, buses, trucks etc.

Produced by Muhammad Yousuf Shaikh in Pakistan GAS magazine is a one stop shop for the whole Chinese vehicle industry.

GAS magazine is a partner of CIMA-Motor, SUBCON and Chongqing Auto exhibitions. GAS



magazine have joint media cooperation with CHINAMOTOR magazine as their media

partner in Pakistan, Afghanistan, Bangladesh and central Asian countries.

### About the Author

I am the pioneer of the Chinese Motorcycle Trade & Industry businesses in Pakistan, and my years of experience in the motorcycle trade & industry plus my contribution towards the flourishing development and launching of several new Chinese





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motorcycles in Pakistan, my experience includes senior roles in product development according to market requirement, marketing and business management. I have more than 20 years of experience in the Motorcycle trade & industry.

I am committed to supporting foreign investors, especially Chinese & Pakistani entrepreneurs to develop emerging technologies that become the driving industries of the future.

I am looking for an opportunity to set-up a facility for a Pakistan motorcycle industry with extensive experience of setting-up facilities for Pakistani companies on a global sourcing for new technology motorcycles and engine manufacturing in Pakistan.

These efforts are supposed to facilitate the creation of numerous companies and thousands of jobs.

Being a Founder & Chairman of the PCMIC, I am working for investors, particularly Chinese investors for setting-up an inventive research & development, and production facility with us in Pakistan to Design & Manufacture new technology motorcycle and engines in the public/private partnership.

I am known to all top Chinese & Pakistani motorcycle manufacturers with all aspects of International sales & purchase, establishing new channels, selection of right design vehicles for specific markets, dealing with import/export regulations,

developing new models, finding real manufacturers as well as making presentations at trade shows.

It is with great optimism and interest that I take it upon myself to promote the Pakistan Motorcycle industry sector in China and to invite global Chinese manufacturers to establish joint ventures or independent companies in Pakistan. I believe that there are several areas in which I could help Pakistan and Chinese Motorcycle Industry to strengthen the motorcycle Industry of both countries and also help to export motorcycles from Pakistan in the International market especially Pakistan's neighboring countries.

to various countries, resulting in becoming a strong foreign exchange earning arm of the country.

Motorcycle production in Pakistan has increased in past 12 years. It has increased from a mere 100,000 units at the start of the century to around 2.0 million this fiscal. No other industrial sector has shown high and sustained growth during the past one decade. In fact, Pakistan has emerged as global leader in production of 70cc motorcycles. Now even new 125cc bikes are also being exported.

However the proposed abrupt change in policy has promoted the confidence of foreign investors and local manufacturers, following government initiatives to incentivise any new bike maker to enter the Pakistani market to produce new technology motorcycle up to 100cc at lower rate of customs duties.

The plan to allow any new investor to import all motorcycle parts of new technology and new design motorcycle up to 100cc to 250cc at 10% rate of custom duty will be reinforcement of the previous policies and will encourage all original equipment manufacturers (OEMs). The new policies will be supported and in the interest of the country and future industrialisation, which will help to introduce new technology and new design motorcycle from global manufacturers especially by Chinese motorcycle manufactures.

Pakistan needs foreign investment particularly Chinese investment in motorcycle industry sector! However, the country is attracting investment by catering to specific investment proposals as it's the most vibrant sectors where existing domestic

and foreign investments are also planning to invest.

The local industry, based on the projection of increase in demand, has already embarked on capacity enhancement plans and by the end of current fiscal year will have invested around \$100 million out of which a sizeable amount is already invested while plans for rest are already submitted.

The proposal given to the government reflects that the existing OEM's also have investment of million dollars in the initial years. So exemptions granted to new entrant should also be allowed to existing small & large assemblers to enhance their capabilities to produce new technology motorcycle, when all existing motorcycle manufacturers have readily paid high duty on the import of parts that are not being produced in Pakistan.

Another good news aspect in this regard is the government allows the new investors particularly foreign investors to import parts from anywhere to assemble the bikes but most probably from China to encourage the new investment from Chinese manufacturers to bring new technology as the existing players have all introduced Euro 2 engines into the market through imports parts from china. Current players are even willing to import hybrid and EFI based engine.

After showing a compounded growth rate of 58% in the past 5 years, sales of new motorcycles in Pakistan appear to be stagnating at between 1,750,000 – 2,000,000 units per annum. This Report titled "the Motorcycle Industry in Pakistan: Investment opportunities & Prospects" aims at identifying... (to be continued...)

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This report has been prepared by Muhammad Yousuf Shaikh, Founder & Chairman, Pakistan China Motorcycle Industry Council (PCMIC).

PCMIC HOUSE; 99/II, 3rd Commercial Street, Phase IV, Karachi 75500, Pakistan. Tel: 0092

21 35381835, 0092 21 38108345, Cell: 0092 300 2613692 - Email: yousufshaikh@hotmail.com

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### EXECUTIVE SUMMARY

Pakistan motorcycle sector—investment opportunities and prospects, Pakistan motorcycle industry sector is vibrant, flourishing and exemplary, as it achieved 95 percent localisation of body parts of only small engine capacity up to 70cc through latest technology transfer, billions of rupees in-

vestment and hundreds of thousands of skilled workers generated. But industry still faraway of manufacturing and assembling of new technology, new design motorcycle up to 100 cc to 250cc as Pakistan market have big gap and potential of modern low cost motorcycle which is possible from China and sure it is great opportunity for Chinese bikes manufacturers.

The sector progressed tremendously so far due to consistent policy of the government, while it gave protection to local and foreign investors to expand its businesses locally as well as globally.

The sector is apparently standing on its feet as it is not only able to meet the local demand but soon should also capable of exporting various models

