

2021

Trade Analysis Series Auto Parts Sector



Turn Potential into Profit

Small and Medium Enterprises Development Authority (SMEDA)

Ministry of Industries & Production
Government of Pakistan

www.smeda.org.pk



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1 Auto Parts Product Description

The different parts of a motor vehicle, which are manufactured separately and used to build or repair vehicles are referred as Auto Parts.

Through indigenous technical resources and technical tie-ups with well-known global companies, the auto parts industry has by and large developed into well-organized sector in Pakistan. There are more than 800 organized units (Tier One) of auto parts in Pakistan, most of which are registered vendors to Assemblers/OEMs. These units efficiently manufacture sophisticated parts like piston, engine valves, gaskets, camshafts, shock absorbers, struts, steering mechanism, cylinder head, wheel hubs, brake drums, wheel bumpers, instruments and instrument panel, gears of all types, radiators, cylinder liners, electrical systems, door locks and auto air conditioners etc.

The Harmonized Commodity Description and Coding System (referred as HS Codes) designated for trade of Auto Parts is 8708. The brief description of sub categories falling in this product category mainly include the following;

Table 1: Auto Parts HS Code Details

Product Category	HS Code	Product Description
	8708	Parts and Accessories for Tractors & Motor Vehicles
	870810	Bumpers and Parts
	870821	Safety Seat Belts
	870829	Bodies Parts and Accessories
	870830	Brakes, Servo-Brakes and parts
	870831	Brake Linings
	870839	Brakes, Servo-Brakes and parts
	870840	Gear Boxes and Parts
	870850	Drive-Axles
	870860	Non-driving Axles and Parts
	870870	Wheels, Parts of wheels and Accessories
	870880	Suspension Systems and Parts
	870891	Radiators and Parts
	870892	Silencers, Exhaust Pipe and Parts
	870893	Clutches and parts thereof, for tractors, motor vehicles

870894	Steering Wheels, Columns, Boxes, and Parts
870895	Safety Airbags Systems and Parts
870899	Others Parts & Accessories

Source: Trade Map

2 Global Trade of Auto Parts

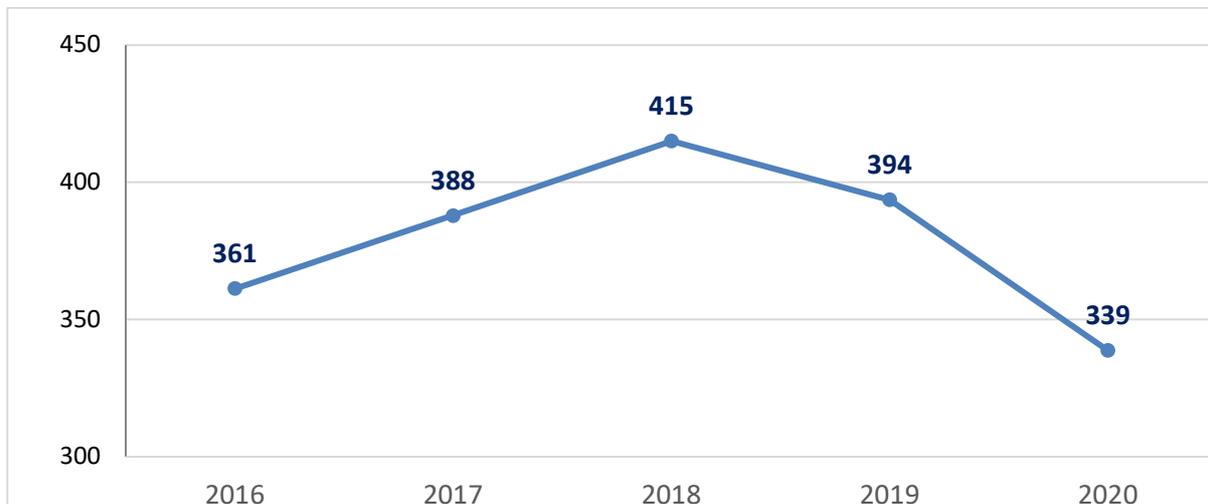
Auto parts are one of the most valuable and important products in international trade. Auto Parts aggregate exports valued at US \$ 339 billion in 2020. The growth trade in Auto Parts has grown consistently during the first 3 years before declining in 2019 and 2020. The last five years exports of Auto Parts in global trade are as follows:

Table 2: Global Exports of Auto Parts - Last 5 Years

Description	2016	2017	2018	2019	2020
World Exports (Value is US \$ Billion)	361	388	415	394	339
Growth (%age)	Base Year	7.37%	7.00%	-5.17%	-13.94%

Source: Trade Map

Figure 1: Growth Trend in World Exports of Auto Parts (Value US \$ Billions)



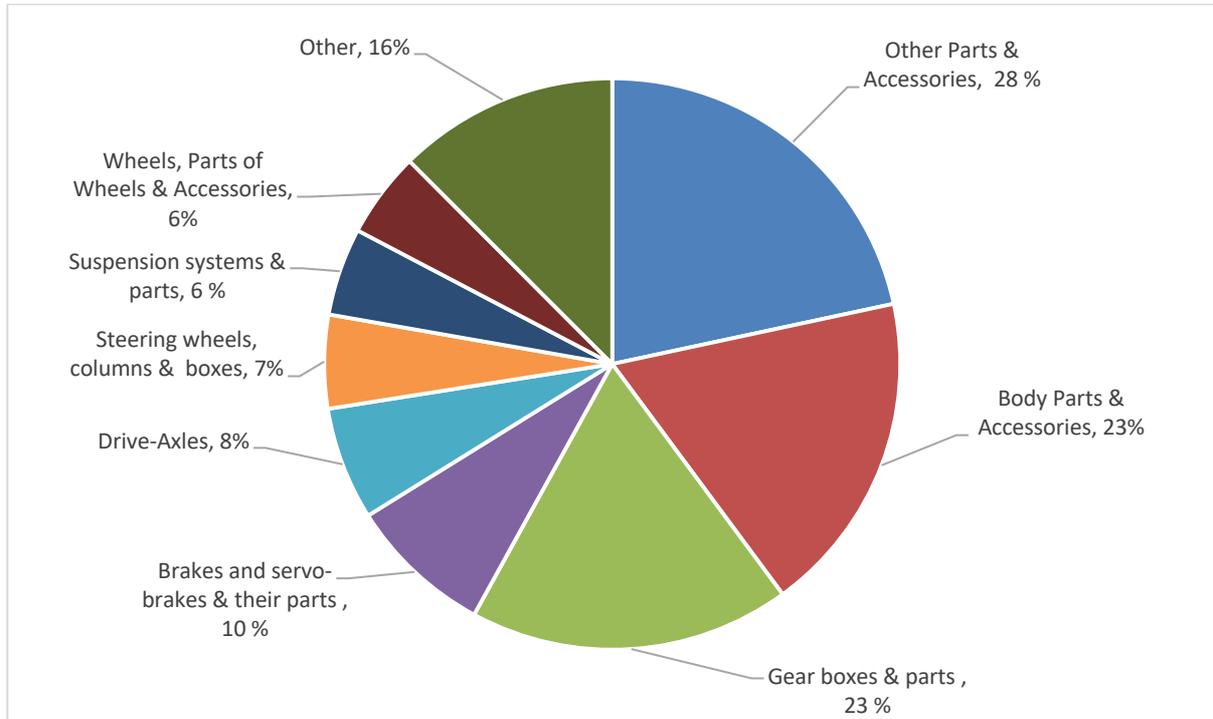
Source: Trade Map

The decline in global exports in 2020 is due to COVID- 19.

Product Mix - Share in Exports

Auto Parts from the category of Other Parts & Accessories have 28 % contribution in terms of global trade followed by Body Parts & Accessories. The percentage share of different product categories in exports, as exhibited below:

Figure 2: Product Mix of Auto Parts Export in 2020



Source: Trade Map

Major Exporters

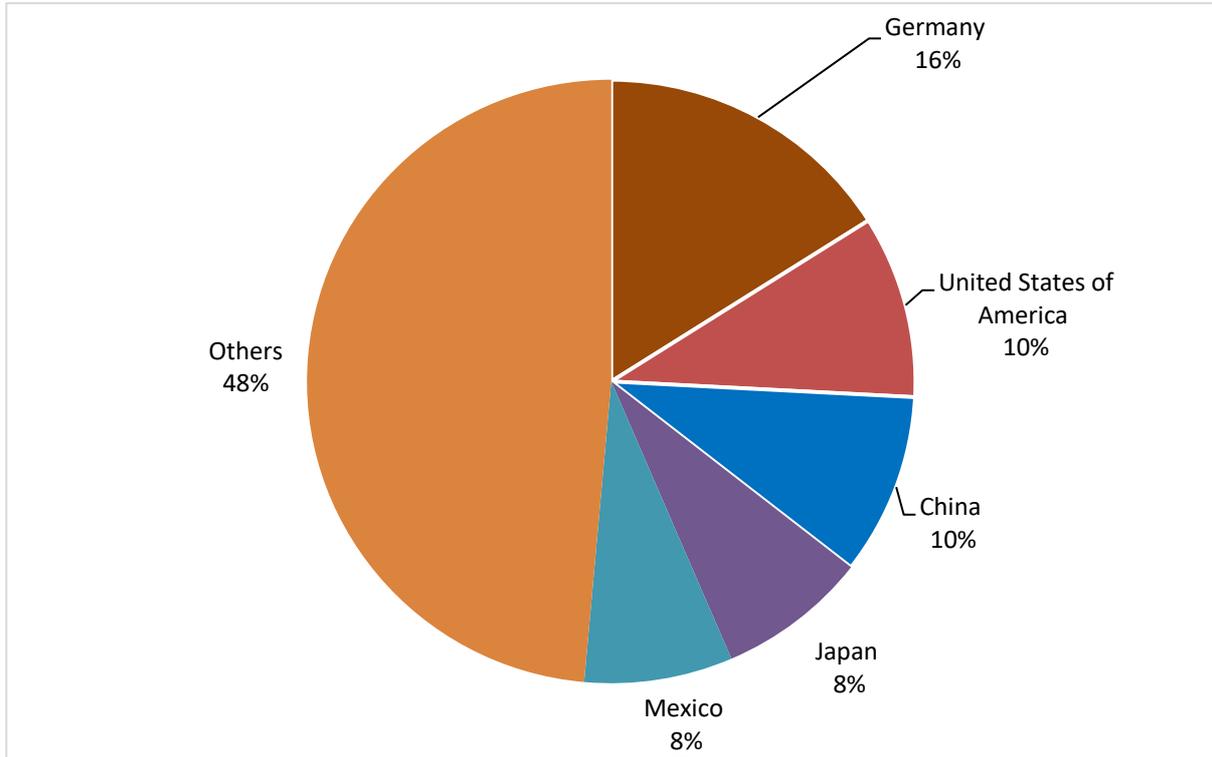
During the last 5 years, the exports of Auto Parts have been dominated by Germany followed by United States of America. The export value and market share of the five biggest exporting countries in 2020 are provided in the table and figure below.

Table 3: Major Auto Parts Exporting Countries in 2020

Sr. No.	Country	Exports (Value in US \$ Billion)	Annual growth in value between 2016-2020 (%)
1	Germany	54.31	-1
2	United States of America	33.17	6
3	China	32.94	4
4	Japan	27.04	-4
5	Mexico	26.70	2

Source: Trade Map



Figure 3: Market Share of Major World Auto Parts Exporters in 2020

Source: Trade Map

Major Importers

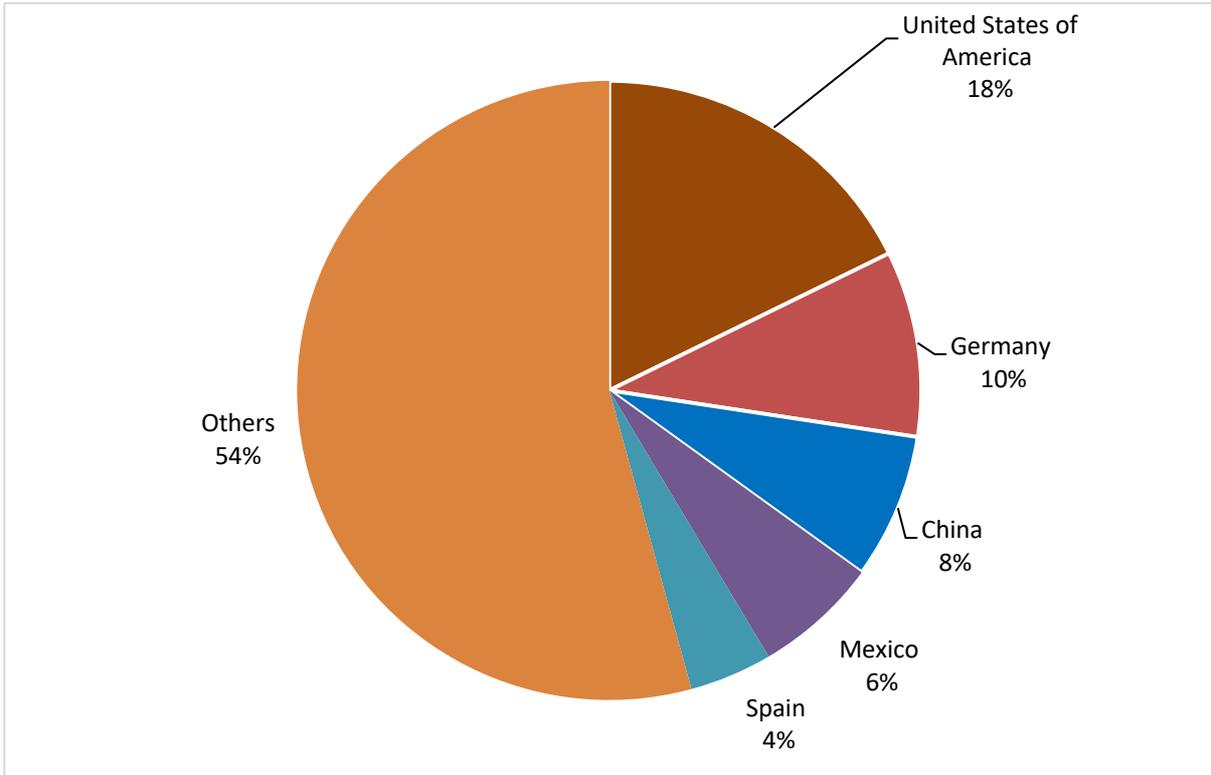
During the year 2020 - the largest importer of Auto Parts was United States of America, followed by Germany and China respectively. The import value in 2020 and annual growth in value between 2016-2020 (%) of the five biggest importing countries are provided in the table and figure below.

Table 4: Major Auto Parts Importing Countries in 2020

Sr. No.	Country	Imports (Value in US \$ Billion)	Annual growth in value between 2016-2020 (%)
1	United States of America	60.04	-2
2	Germany	32.95	-3
3	China	25.77	0
4	Mexico	21.93	0
5	Spain	14.54	-3

Source: Trade Map

Figure 4: Market Share of Major Auto Parts Importing Countries in 2020



Source: Trade Map

2 Pakistan's Exports of Auto Parts

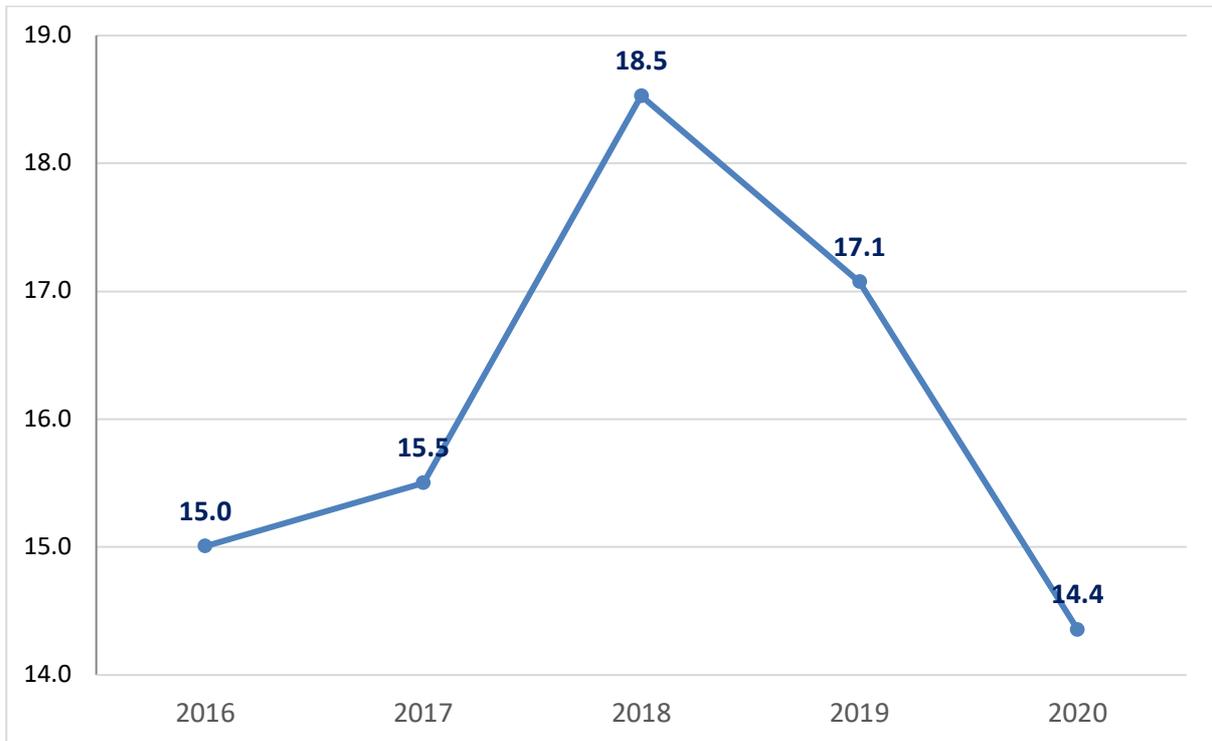
Pakistan is a relatively minor player in the global economy with respect to export of auto parts. Pakistan's total export value during year 2020 was US \$ 14.356 Millions. The export value of the Auto Parts sector in the last 5 years are provided in the table below.

Table 5: Pakistan Auto Parts Exports – Last 5 Years (Value in US \$ Millions)

Description	2016	2017	2018	2019	2020
Pakistan's Exports (Value in US \$ Millions)	15.0	15.5	18.5	17.1	14.4
Growth (%age)	Base year	3.29	19.51	-7.85	-15.92

Source: Trade Map

Figure 5: Growth Trend of Pakistan's Auto Parts – Last 5 Years (Value in US \$ Millions)

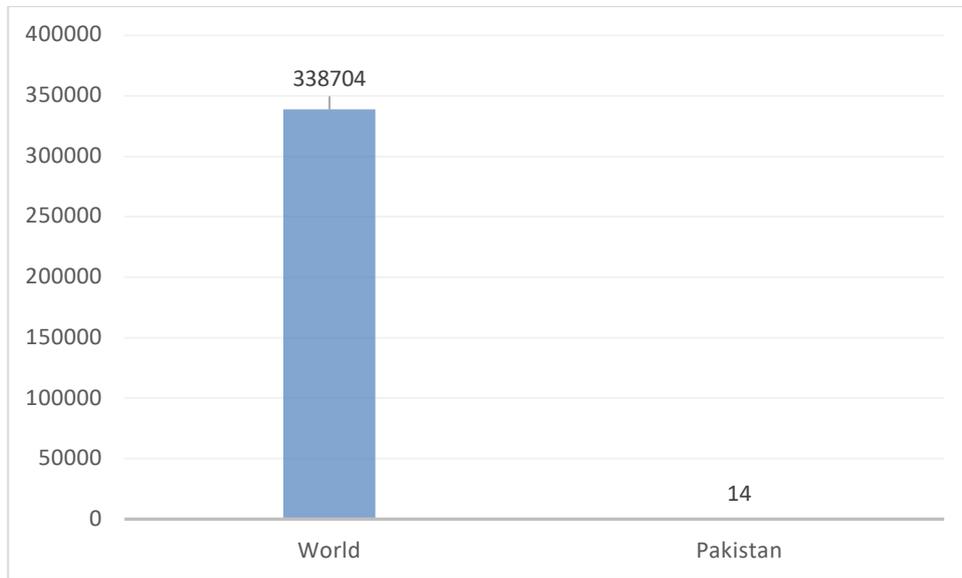


Source: Trade Map

The export decline in 2020 is due to COVID-19 and subsequent lockdowns.

Although the export of auto parts from Pakistan has increased in last decade, however still Pakistan's share in global exports of auto parts is almost negligible. For instance, in year 2020, Pakistan total export of auto parts remains well below 1% of global export of Auto parts that shows tremendous potential of export market for Pakistan's Auto parts manufactures.

Figure 7: Pakistan’s Share in Global Exports of Auto Parts in 2020 (Value in US \$ Millions)

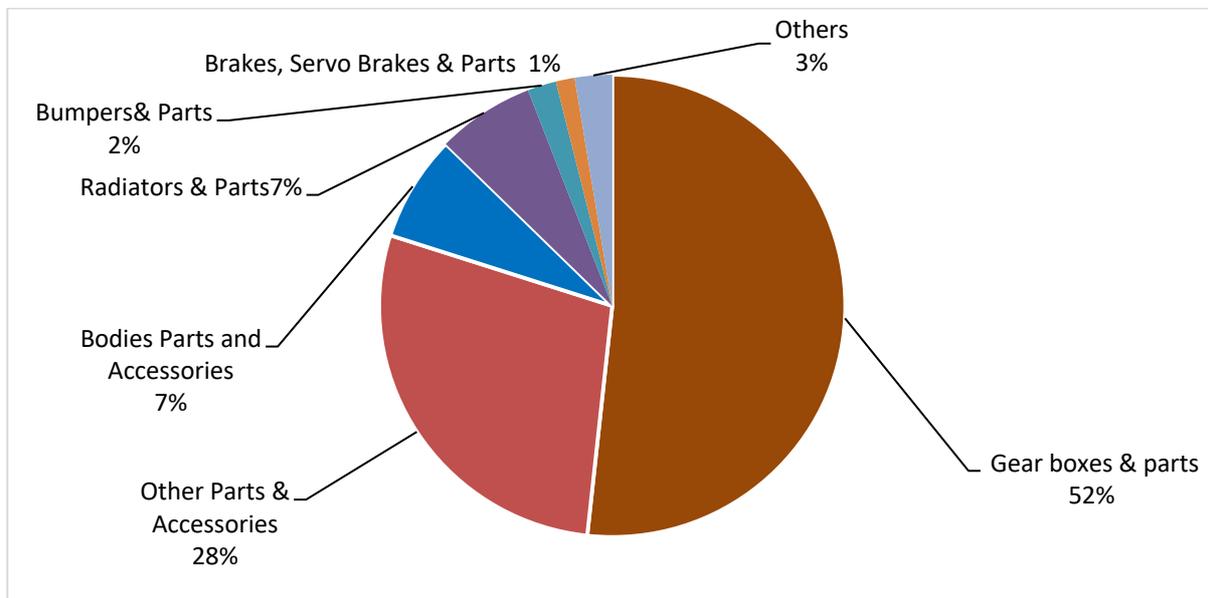


Source: Trade Map

Pakistan’s Exports Product Mix

Pakistan’s exports of Auto Parts are mainly concentrated in gear boxes & parts, followed by other parts & accessories. The product mix of auto parts Exports from Pakistan is exhibited below:

Figure 6: Product Mix of Pakistan’s Auto Part Export in 2020



Source: Trade Map

Pakistan’s Export Destinations

During the year 2020 - the largest importer of Auto Parts from Pakistan was Italy, followed by United States of America and United Arab Emirates respectively. The import value in 2020 and Annual growth

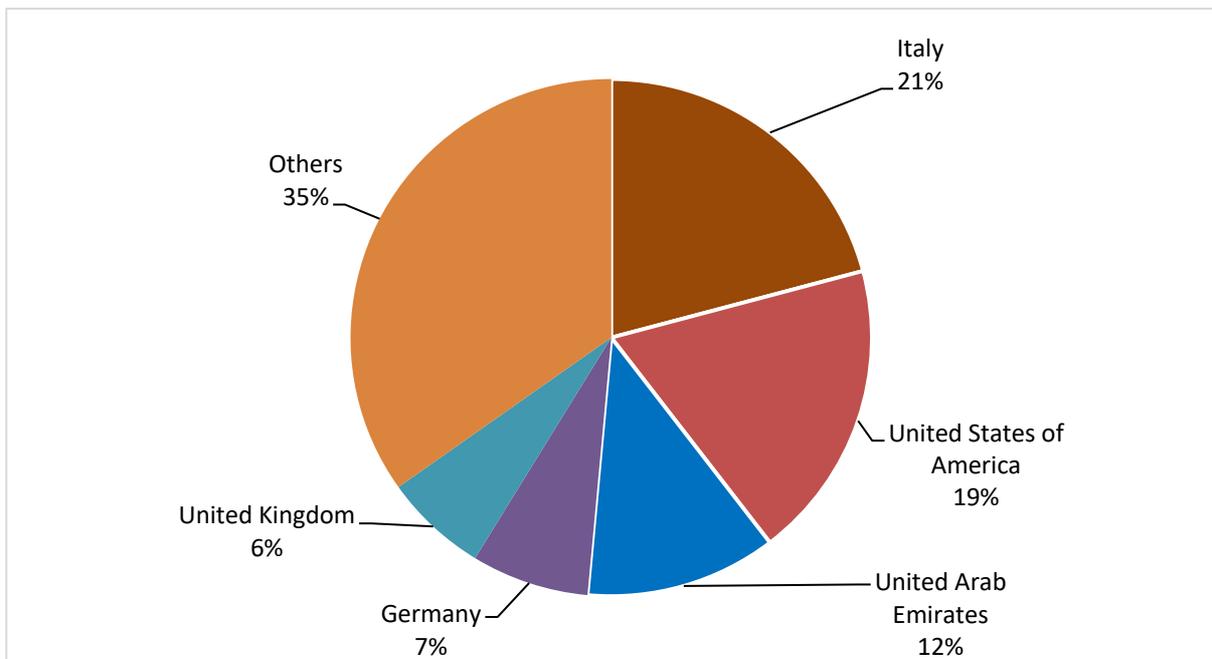
in value between 2016-2020 (%) of the five biggest importing countries are provided in the tables and figures below.

Table 6: Major Auto Parts Pakistan's Export Destinations in 2020

Sr. No.	Country	Exports (Value in US \$ Million)	Annual growth in value between 2016-2020 (%)
1	Italy	2.993	15
2	United States of America	2.689	7
3	United Arab Emirates	1.705	29
4	Germany	1.046	15
5	United Kingdom	0.926	-14

Source: Trade Map

Figure 7: Market Share of Pakistan's Top Export Destinations in 2020



Source: Trade Map

3 Pakistan's Import of Auto Parts

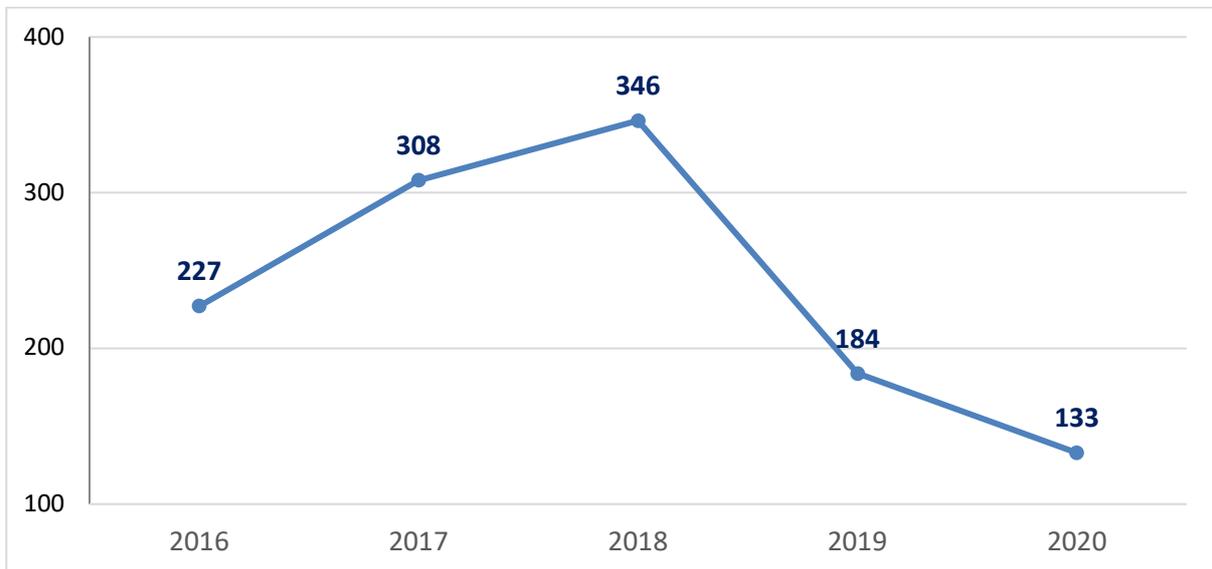
Pakistan's total value of imports in 2020 was US \$ 132.924 millions. In last five years, highest import of Auto Parts was during 2018 which is US \$ 346.273 Millions. The import value (in US \$ Millions) of Auto Parts in last five years and its growth trend is provided in the table and graph below.

Table 7: Pakistan Auto Parts Imports – Last 5 Years (Value in US \$ Millions)

Description	2016	2017	2018	2019	2020
Pakistan's Imports (Value in US \$ Millions)	227.2	307.8	346.2	183.8	132.9
Growth (%age)	Base Year	35.52%	12.48%	-46.92%	-27.68%

Source: Trade Map

Figure 8: Growth Trend of Pakistan's Auto Parts Imports – Last 5 Years (Value in US \$ Millions)

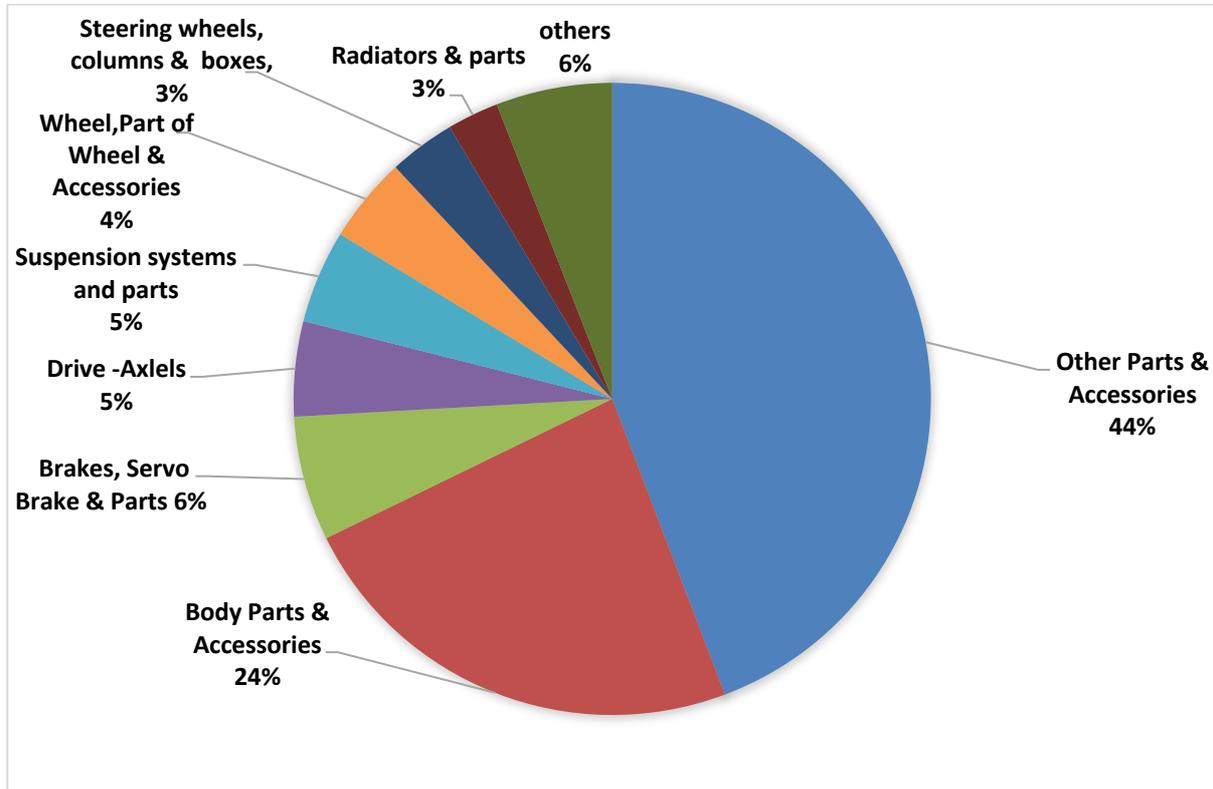


Source: Trade Map

Pakistan's Imports Product Mix

Pakistan's imports of Auto Parts are mainly concentrated in Other Parts & Accessories, followed by Body Parts & Accessories. The product mix of Auto Parts Imports from Pakistan is exhibited below:

Figure 9: Product Mix of Auto Parts Imports to Pakistan in 2020



Source: Trade Map

Pakistan's Import Partners

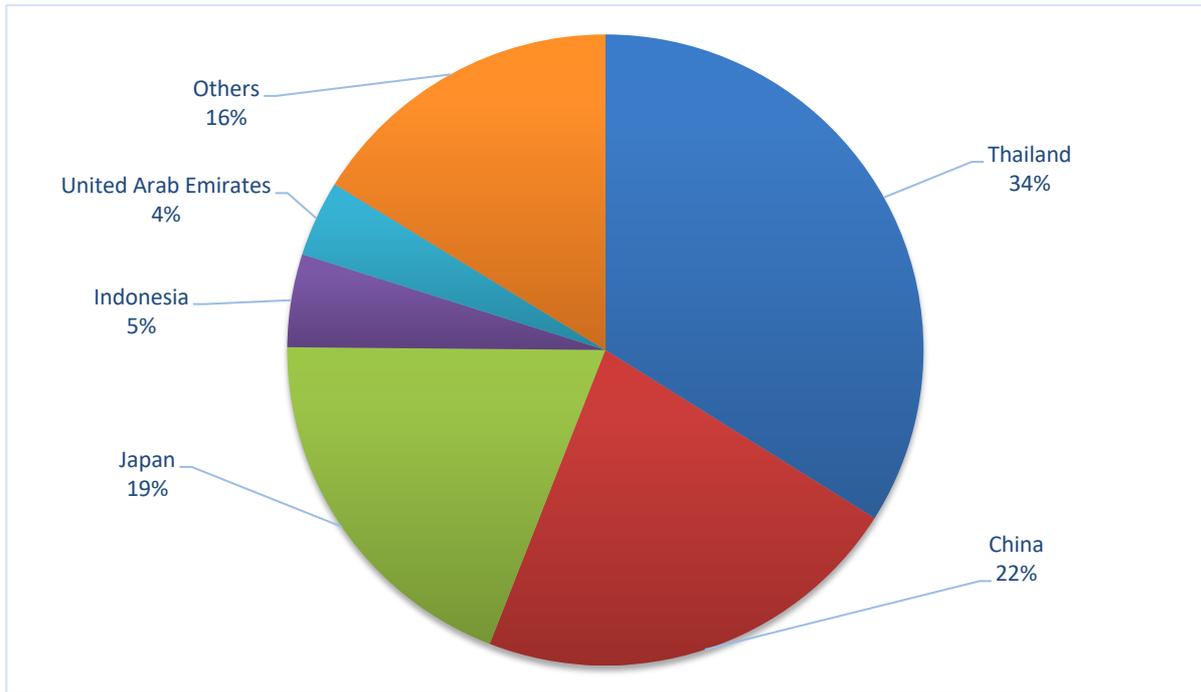
During the year 2020 - the largest auto parts exporting country to Pakistan was Thailand followed by China and Japan respectively. The import value and annual growth in value between 2016-2020 (%) of the five biggest exporting countries in 2020 are provided in the table.

Table 8: Market Share of Auto Parts Exports to Pakistan in 2020

Sr. No.	Country	Imports (Value in US \$ Millions)	Annual growth in value between 2016-2020 (%)
1	Thailand	45.1	-16
2	China	29.2	-4
3	Japan	25.5	-15
4	Indonesia	6.3	-20
5	United Arab Emirates	5.2	5

Source: Trade Map



Figure 10: Market Share of Major Auto Parts Exporting Countries to Pakistan in 2020

Source: Trade Map

4. Pakistan's Trade and Tariff

- Customs Duty on 8708 is 35%
- Sales Tax: 17%
- Income Tax: 11%

5 Prominent International Trade Fairs of Auto Parts

Name of Trade Show	Location	Frequency	Web Links
Pakistan Auto Show (PAPS) 2021	Karachi Expo Centre	Annual	https://www.paps.pk/
Automechanika Frankfurt	Frankfurt	Annual	www.messefrankfurt.com
Autoexpo Africa Dar es Salaam	Dubai	Annual	www.expogr.com
Global Automotive Components and Suppliers Expo Stuttgart	United Kingdom	Annual	www.ukipme.com
LA Auto Show Los Angeles	USA	Annual	www.dada.org
AAPEX Las Vegas	USA	Annual	www.wtglasgow.com
AUTO SHANGHAI	China	After 2 Years	www.autoshanghai.auto-fairs.com