ContexAi GROUP | Economic Vibes — Auto Policy

Friday, 13 November 2026
Sector Flash · Desk Update #2
status as at ~05:30 PKT · prior view 9 Nov

ContexAi Auto Policy Review Desk · Amir Waheed Ahmed, FCA · **V** = verified vs licensed media/official portal · **EST.** = ContexAi desk estimate · NOTIFIED = in law · ANNOUNCED = official statement · DRAFT-REPORTED = press, from drafts · **Data as of — Policy status: press and official releases up to Thu 12 Nov · PAMA sales: October 2026 (released 11–12 Nov) · SBP policy rate: decision of 26 Oct, effective 27 Oct · CPI: October 2026 (PBS) · Desk model figures: ContexAi run of 9 Nov 2026 (uncalibrated).**

POLICY STATUS V	IMF REPORTED	CAR SALES OCT V	SUZUKI ALTO SHARE V	SBP / CPI V	EXPORT TARGET DRAFT / EST.
PM-approved draft Federal Cabinet pending · nothing NOTIFIED	**No objection (reported)** reported by Tribune (12 Nov) and Dawn (8 Nov) · no IMF statement yet	**21,635** ▲ 60% YoY · ▲ ~98% MoM (passenger cars, PAMA)	**52.5%** 11,363 units (+130% YoY) · Toyota ▼ 10% · Honda ▼ 19% YoY	**12.0% / 9.61%** +50bp from 27 Oct · Oct CPI YoY · auto-finance headwind	**$6.01bn vs $2.0bn** $6.01bn govt target (DRAFT-REPORTED) vs ContexAi base case (EST., range $1.4–3.4bn)

01 Five Things That Changed This Week

IMF: NO OBJECTION (REPORTED) The Express Tribune reports the PM approved the Autos and Auto Parts Manufacturing Policy 2026–31 **after the IMF raised no objection to its draft**. Dawn reported the same on 8 Nov; on 7 Nov the PM's adviser said fiscal provisions were still subject to IMF agreement (PakWheels). There is still no IMF statement or Finance Ministry text, and the reports do not say whether the EV sales-tax tiers were part of what was cleared. **Desk moves its IMF status from "not cleared" to "reported no-objection, unverified".** Express Tribune (via Investify) · Dawn · PakWheels · REPORTED, UNVERIFIED

TARGETS GET NUMBERS The $6bn export goal is now **$6.01bn: $3.29bn from parts makers and $2.72bn from vehicle makers**. Existing makers must lift local value addition **2% a year**, with 2030–31 floors of **40% for cars/SUVs, 80% for tractors and 90% for motorcycles and rickshaws**. A **Rs2.1bn** vendor technology-upgrade programme and a local-tax drawback for exporters are included. Express Tribune (via Investify) · DRAFT-REPORTED

THE MARKET IS ALREADY VOTING October passenger-car sales reached **21,635 (+60% YoY)**; 4MFY27 is **~63,500 (+48%; 63,507 per Pakistan Observer, 63,418 per Business Recorder)**. The Suzuki Alto alone sold **11,363**, about **52.5%** of all cars, while Indus Motor (Toyota) fell **10%** and Honda Atlas **19%** YoY (company totals, Topline). September was depressed by hybrid sales-tax uncertainty, so the monthly jump flatters momentum. Daily Pakistan · Pakistan Observer · ProPakistani (Topline) · Business Recorder · Bol News · V

ROUTE: CABINET, THEN A MONEY BILL The tax measures, including the Automotive Development Levy (ADL) on ICE vehicles above 1,000cc, are expected through a **mini-budget via a money bill** after cabinet approval. The ADL rates (2% for 1,001–2,000cc, 10% above, per drafts) and its reported FY27–31 yield of **Rs188.58bn** (ProPakistani 21 Oct) remain DRAFT-REPORTED. Express Tribune (via Investify) · ARY News · Dawn · DRAFT-REPORTED

FINANCE GOT DEARER The SBP raised the policy rate **50bp to 12%** from 27 Oct (9 of 10 votes), citing the Middle East conflict and elevated global energy prices; October CPI was **9.61%**. The policy's proposed larger EV loans (Rs10m, 5 years) still need an SBP regulatory change. Next MPC: **14 Dec**. SBP MPS 26 Oct · EconoTimes · PakWheels · V

02 Policy Pulse — Where Each Step Stands

Step	Status (13 Nov)	Change since our 9 Nov view
IMF clearance	Reported no-objection	**Upgraded** from "not cleared"; Tribune 12 Nov corroborates Dawn 8 Nov; no IMF/MoF document
Federal Cabinet / ECC	Not found	No PMO release on the policy as of 13 Nov
Money bill (ADL, sales-tax tiers)	DRAFT-REPORTED	Route now reported as a mini-budget after cabinet
Export target and split	DRAFT-REPORTED	**New:** $3.29bn parts + $2.72bn vehicles

Step	Status (13 Nov)	Change since our 9 Nov view
Localisation floors; vendor programme	DRAFT-REPORTED	**New:** +2%/yr; 40% cars, 80% tractors, 90% 2W/3W by FY31; Rs2.1bn vendor upgrades
SBP auto-finance rules, gazette text, FBR SROs	Not found	Unchanged; nothing of this policy is NOTIFIED

03 Desk Views — Who Gains, Who Pays

Stakeholder	View	Why	Risk band	Horizon
Small-car buyers (≤1,000cc)	**Positive**	Outside the ADL (ANNOUNCED); October's Alto surge fits the desk's mix-shift call, though one month is not proof	Low	First 12 months
1,001cc+ ICE buyers	**Negative**	Pay the ADL (draft rates) and a dearer loan at 12%; about Rs46–91k on a 1,300cc car (EST., 9 Nov)	Med	First 12 months
Legacy Japanese JVs	**Negative**	Toyota −10%, Honda −19% YoY in a +60% market; tariff glide and used imports add pressure	Med–High	FY27–FY29
Auto-parts vendors	Mixed	Carry 55% of the export target, but the Rs2.1bn programme is about 1.1% of the projected ADL take (EST.)	High	FY28–FY31
EV / PHEV entrants	**Positive***	*If the 1% / 6% / 9% sales-tax tiers (ANNOUNCED) survive the money bill; IMF scope unclear	Med	FY28–FY31
Banks, lessors, MFBs	Mixed	Volume up, but 12% rate and an unchanged SBP rulebook; used-import resale risk on financed cars	Med	FY27–FY29
Federal budget	Mixed	Revenue-neutral claim rests on the levy; desk rates it a Stretch (−Rs3.4bn to +Rs40bn, EST.)	Med	FY27–FY31

04 Reality Check — Desk Verdicts

Unchanged by this week's news. $6bn exports: Implausible — the desk's base case is about **$2.0bn** cumulative (range $1.4–3.4bn, EST., uncalibrated); even the upside reaches about 57% of the target. **30% EV share by 2030: Implausible** (a Stretch for FY31–32 if reforms deliver). **$17.7bn FX saving: Implausible** as a net figure. **Revenue neutrality: Stretch.**

New question 1 — does the car floor bite? The proposed 40% localisation floor for cars sits **below the ~58% average** localisation estimated for passenger cars (**Profit**, Apr 2026). Either the policy measures value addition differently, or the floor will not constrain existing makers. The definition matters more than the number.

New question 2 — is vendor support sized to the job? Parts makers are asked to deliver **$3.29bn** of exports. The support line reported so far is **Rs2.1bn**, against a projected levy of **Rs188.58bn** (**ProPakistani 21 Oct**) and a desk estimate of **Rs34.8–56.5bn a year** of vendor revenue displaced by the tariff glide and used imports (EST., placeholder-driven).

Mood: CAUTIOUS — the direction is clearer and the IMF hurdle looks lower, but nothing is notified and the money bill will decide who pays.

05 Watch Next

- Cabinet decision and the policy text (still not public). Money bill text: ADL base (local only, or imports too), rates, the >2,000cc band, and whether the 1% / 6% / 9% sales-tax tiers survive.
- IMF review language on the levy and the sales-tax tiers; SBP Prudential Regulations for EV finance; SBP MPC on 14 Dec.
- PAMA November sales (mid-Dec): does the ≤1,000cc share hold? OEM price lists after cabinet approval.
- Listed assemblers referenced above for sector context only (no levels issued; not a recommendation): Indus Motor, Honda Atlas Cars, Pak Suzuki.

Sources: Express Tribune (via Investify) · Dawn · Business Recorder · PakWheels · Daily Pakistan · Pakistan Observer · ProPakistani (Topline) · Bol News · ARY News · ProPakistani 21 Oct · Profit · SBP MPS 26 Oct · EconoTimes. Desk estimates: ContexAi Auto Policy Review Desk, register and models of 9 Nov 2026, updated 13 Nov 2026 (provision register P01–P64; source conflicts C01–C17). Status as at 13 Nov 2026; provisions marked ANNOUNCED or DRAFT-REPORTED may change before notification.

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