

Rationalizing pricing policy of motorcycles



The Consulate General of China Mr. Sun Chunye, Mr. Tariq Khan and Mr Anwar Iqbal Chief Operating Officer of Dewan Motorcycle Ltd. at a reception of Pak — China Cultural Society held recently in the city.

Continued from page A

development pace at stagnation by adhering to the policy of killing new entrants in the market by creating irrational duty structure in the name of "protection" for the local industry. This approach has been adopted specially after 1977, when the Government was making efforts to deregulate, de-nationalize and inviting entrepreneurs to play their role in an open field to develop the pace of progress of industrialization at greater speed.

We are now entering a completely new phase of global economic policies in which we need to have dynamism and broad vision with an open competitive structure and policies which would result in developing faster pace of progress to match international competition.

Significant reduction in motorcycle prices is a classic

example for those who are causing hurdles for customer-oriented economies and a vision for rapid industrialization. Pakistan / Chinese motorcycle manufacturers have succeeded in showing to masses that open competition and role of small and medium manufacturers with concerted efforts may bring realistic change in the policies and price of monopolistic producers.

Now the fact has been established that previous pricing of old assemblers of motorcycles had been highly exaggerated and unrealistic. Present reduction in prices is not yet sufficient and factual. It may be noted that for the most popular 70cc motorcycle, 85% parts and raw material is produced locally and used by the Japanese assembler, the rest 15% is only imported. Chinese assemblers are getting the same 85% material from Pakistani vendors and

the rest of 15% is imported from China. This has made one naturally think, why pay such a big difference in price for only 15% of imported items?

The motorcycle pricing structure, as referred to above, i.e., 85% local and 15% foreign components, is easily and realistically computable. The Chinese / Pakistani motorcycle assemblers have now made the price of a motorcycle bearable by the common man and this has now increased the motorcycle market in Pakistan beyond 200,000 units per

annum whereas in the past it had remained around 100,000 per annum.

In all developing countries, especially our neighbouring countries, India and China, motorcycles are quite manageable transport as a means of conveyance for the common man. Our motorcycle market in Pakistan is easily accommodative for 500,000 units per annum

which will give a boost to local manufacturers as well as tremendous opportunities for employment to common man as well as skilled labourers and professionals. But the vested interest monopolies are not happy with the situation. They

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are adopting unrealistic, false and unethical propaganda tactics to discourage the Chinese investment in this sector of industry.

It is now high time that we thought whether we want to so develop ourselves as to be able to face the situation now taking shape in the international mar-

ket or to continue with the policies pursued during the last 50 years thereby depriving the industry and the masses with good products at reasonable and competitive price.

We have to ponder how during the last two decades countries changed their economies by observing revolutionary policies, not by sticking to old protectionist policies.

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If we block and contain ourselves to uni-model systems by having single brand of every products, we will be closing the doors for foreign investment and ushering in of the modern economic system.

We should be open minded and be prepared to face the competition under WTO prescribed policies matching for-



foreign brands with the local brands and having rationalized structure of CBU and CKD engineering products.

We are confident that with foreign investment the local industry will start producing upto 50,000 motorcycles per annum locally in the near future. It will definitely result in great economic progress which will provide jobs to thousands of people and a respectable means of conveyance to millions of customers in Pakistan with manageable price and as a result improvement in their standard of living.