

By Anwar Iqbal

Positive effects of Chinese motorcycle industry

China today has installed motorcycle production capacity of more than 20 million units a year, while the total domestic market has only reached around 11 million units.

Consequently, Chinese motorcycle producers have aggressively pursued an export strategy supported by the government incentive to try to sell its excess capacities to other countries, particularly large developing

countries like Indonesia, Vietnam, Brazil, Argentina and now in Pakistan etc.

It is a fact that Chinese workers are very competitive, and other fixed assets such as land and building as well as standard machinery are also comparatively cheap. Most of the motorcycle manufacturers were government owned companies that in the past used to produce armament for the defence. With

more peaceful domestic as well as international environment, this excess capacity as well as its well-trained technicians have been transferred into vehicle production facilities; particularly motorcycle.

Consequently, their initial investment cost is low. Learning period has been shortened by obtaining the licensing and joint ventures with Japanese and other world-class manufacturers;

and at the same time copied the Japanese model that has not been licensed to the local partners. In many countries, the product design could be registered to avoid illegal copy by other.

Pakistan motorcycle market and industry is now experimenting a phenomenal change after entry of new motorcycle assemblers who obtained technology

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and technical collaboration from Chinese companies. The presence of Chinese motorcycle companies in Pakistan is a very supportive event because these Chinese backed motorcycle can be sold to the end customer in the price range of Rs 37000/- to 42000/- which is almost 50% less than existing prices. This bottom rock reduction certainly gives a boost to this segment of economy in

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Pakistan. These Chinese assemblers have processed relevant documentation with the

government like getting of quality certificate from the Pakistan Standard and Quality Control Authority, the submission of the deletion plan, the national tax registration certificate, the trade mark certificate etc., has been completed.

Chinese bike assemblers have made sizable investment, providing employment to local people and contributing to national exchequer. Out of the six new Chinese bike assemblers - three have set up their plants in Karachi and three in Hyderabad. Each unit has been set up at an estimated cost of Rs 10-50 million and spent on working capital more than 700 million after entering into a technical collaboration agreement with the Chinese companies. Around 500 persons got direct employment in the plants, besides creating a large number of jobs indirectly. Each plant has the capacity to assemble 200-4000 bikes per month depending on market conditions. Assemblers claim that the bikes contain 85 per cent local parts and components in line with Government policies.

It may be noted that Chinese are so friendly and caring about us that the Chinese partners of these companies did not charge any fees for technology transfer and also did not ask for royalties for marketing of their products in Pakistan.