

## ABSTRACT

Competitiveness of automotive industry is affected by many internal and external factors and only a few literatures have focused on these external factors. The core objective of this study is to examine the impact of economic (GDP per capita, lending rate and tariff rate), social (education and urbanization), and environmental variables (carbon emissions) on the competitiveness of automotive industry. Competitiveness is measured by the Revealed Comparative Advantage index (RCA) using Fixed Effect Model through sample of 14 Asian countries (Bangladesh, China, India, Indonesia, Iran, Japan, Korea, Malaysia, Pakistan, Philippines, Singapore, Sri-Lanka, Thailand, Viet Nam). Study found that economic, social and environmental variables have significant impact on the competitiveness in automotive industry. It is also found that high tariff rates have positive impact on competitiveness in automotive sector where domestic rules and regulations related to automotive sector are important in the development of automotive industry. Moreover competitive structure of Pakistan's automotive industry is also calculated through Herfindahl-Hirschman Index (HHI) technique wherein all categories (cars, buses, trucks and tractors) fall under monopolistic and Oligopolistic competition except motorcycle where perfect competition exists. Study concluded that external environment plays a crucial role in the competitiveness of Automotive industry.

**KEYWORDS:** Competitiveness, External factors, Automobile Industry.