

Mehtab Haider

## **Pakistan's maiden tariff policy approved for export growth**

ISLAMABAD: Government on Tuesday approved the country's first-ever national tariff policy aimed at to remove anomalies in import duties structure and use it as an instrument to catalyse industrial production and for export growth.

The federal cabinet approved the national tariff policy (NTP) during a meeting presided over by the Prime Minister Imran Khan. He said the import tariffs have traditionally been employed as a revenue generation tool, which has increased reliance on import tariffs for revenue collection. "In accordance with the reform agenda of the government, the economic policy paradigm is now being realigned to leverage tariffs for industrial development," an official statement quoted the PM as saying.

The commerce division formulated the policy after extensive consultations with the stakeholders. The policy marks a milestone in the national economic policy paradigm by recognising the importance of employing import tariffs for industrial development and export growth.

Commerce Adviser Razak Dawood said the policy marks a watershed in the country's economic policy making. "It would energise export growth, lead to rapid industrialisation, and import substitution through predictability in tariff framework," he said.

The national tariff policy's objective is to remove the anomalies in the tariff structure and make it a reflection of trade policy priorities and enhancement of competitiveness through duty-free access to imported raw materials and promotion of investment into efficient industries. The policy would further envisage predictable tariff structure, decided through an institutional mechanism. The policy is based on the principles of employing tariffs as an instrument of trade policy rather than revenue generation, maintaining vertical consistency through cascading tariff structures (increasing tariff with stages of processing of a product), providing time-bound 'strategic protection' to the domestic industry during the infancy phase, and promoting competitive import substitution.

The policy envisaged simplification of tariff slabs based on the principle of cascading, gradual reduction of tariffs on raw materials, intermediate and capital goods, gradual cut in additional customs duty and regulatory duties, and elimination of the difference in tariffs for commercial importers and industrial users of raw materials, intermediate and capital goods to provide a level-playing field to the small and medium enterprises through competitive access to essential raw materials.

The tariff policy guarantees time-bound protection, which will cover the payback period, to the nascent industry. Under the new policy, the protectionism would be phased out to make the industry eventually competitive for export-oriented production.

A tariff policy board has been tasked to implement the policy. The government further decided to set up a tariff policy centre in the ministry of commerce, which will serve as the secretariat of the tariff policy board.