

Q. critically evaluate Pakistan's National Tariff policy (2025-2030) in the context of changing dynamics of global trade. To what extent can tariff rationalization foster export-led growth in Pakistan while safeguarding domestic industries?

Use blue and black colors only

### A- Introduction

Post-1915, Pakistan has implemented trade liberalization and tariff rationalization under the free market framework of WTO and IMF. Reducing tariffs opened markets to foreign goods compromising the domestic industries. Amid the conundrum of competition v/s protection, countries in global south resorted to tariff on consumer goods to protect indigenous industries. Following the protectionist global wave, furthered by US-China trade war during 2018-19, Pakistan formulated national tariff policies to balance between protectionism and neoliberalism. The National Tariff Policy (2025-2030) followed the NTP (2019-2024). Under the direction of Tariff rationalization, NTP reduced tariffs, customs, regulatory duties and additional customs duties. The underlying idea behind this pushes export-led industrialization, away from import-substituting ~~indus~~ production. Moreover,



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the changing global dynamics, conversely, has been shifting from neo-liberal school of free trade to protectionist school of using tariffs as tool in geo-economics. Although, Pakistan's NTP still follows neoliberal analysis, lagging behind the changing dynamics in global trade, it is optimistic to conclude that the policy still holds potential for envisaged dividends. Under Tariff policy export-led growth is fostered while safeguarding domestic industries.

### B- Pakistan's National Tariff Policy (NTP) (2025-2030)

Pakistan's National Tariff Policy (2025-2030) propagates phased reduction of tariffs on foreign imports, export-led production, and boosting competition while discouraging anti-export bias.

#### (i) Phased reduction of Tariffs:

The policy envisages a phased reduction of ~~avg~~ average tariffs of 19% to 9.5% by 2030, making raw material cheaper for domestic producers.

#### (ii) Export-led industrialization:

The policy promises increase in exports by \$5bn by



2030. By ushering pushing domestic industries into global value chains (GVCs), the quality of products would improve and could compete in global markets.

### (iii) Boosting competition and discouraging anti-export bias:

High tariffs on foreign goods had rendered domestic production incapable of competing with global quality of production. It led to inward looking, making production merely for domestic markets. Thus shrinking the exports and incentives for the latter. Low tariffs would push competition and discourage this anti-export bias.

## C- Changing dynamics of global trade

According to the British and Polish prime ministers, the era of globalization has ended. The states have resorted to inward looking and have been using tariffs as a bargaining tool in geo-economics. Self-reliance and self-sufficiency are the contemporary motto, not free market and free trade.

(i) Trade liberalization is no more pursued by the states:



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### against these arguments

Tariff wars, protectionist measures, and preferential Trade Agreements (PTAs) instead of Free Trade Agreements (FTAs) substantiate the fact that Trade Liberalization, widely propagated during 1990s, has been outdated. Especially under the current Trump administration, MAGA, Make America Great Again, reveals the inward looking tendencies of the global power and the historically supportive and stabilizer of the liberal world order, the U.S.A.

### (ii) Tariffs are used as a bargaining tool in the neo geo-economics:

Tariffs are today, politicized and used as bargaining tool to procure best deals in bilateral relationships instead of using multilateral institutions, like WTO, to pursue free trade. For instance, the current Trumpism-styled deal making has openly used tariffs as a bargaining tool in bilateral deal-making.

### (iii) Countries are pursuing self-sufficiency and self-reliance instead of following comparative advantage theory of neo liberalism.

MAGA, Make in India, self-sufficiency pursued by Russia, China, Iran, and North Korea, are some nation-wide policies installed by major countries in the world.



that diverge from comparative advantage theory of neo-liberalism.

### D- Evaluating Pakistan's NTP in the context of changing global dynamics of trade

Pakistan's NTP (2025-2030) lags behind the changing circumstances of global trade. However, following neo-liberal trade frameworks ~~are~~ is still not devoid of dividends.

(i) Opportunities that NTP (2025-2030) poses even after lagging behind changing dynamics of global trade?

a → Reducing tariffs would provide cheap raw material, making cost-effective production by reducing cost of production

b → Competition with foreign goods would automatically force the improvement of quality of domestic products.

c → Exports would rise by resorting to export-based production instead of import-substitution production.



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compliance with financial institutions, helping geo-economic profile

other opportunities

Trade deficit would decrease

Balance of payment crisis would resolve

increase in foreign reserves

(iii) NTP possess following weaknesses for lagging behind global changing dynamics of Trade:

a- Unilateral opening of domestic markets to foreign goods without any FTAs/PTAs from other states would only compromise domestic industries.

b- Tariffs today are used as a political tool in geo-economics, surrendering it would compromise the bargaining position of the state.

c- Across the board reduction of tariffs would only saturate the markets with foreign goods, without instead of boosting competition as envisaged.

d- Self-sufficiency and self-reliance are not possible without import-substitution production along with export-based growth.



E- Tariff rationalization  
would foster export-led  
growth in Pakistan  
while safeguarding domestic  
industries

Trade Tariff rationalization means policy framing regarding method and scope for enacting adequate tariffs on specific goods to balance between competition and protection for domestic industries.

(i) Tariff rationalization would subdue anti-export bias by allowing limited foreign goods in domestic markets:

By allowing foreign goods in domestic markets, domestic production under competition would improve quality, efficiency and become more consumer friendly.

(ii) Tariff rationalization would foster export-based production when domestic production and markets are incorporated with Global value chains (GVCs):

Once incorporated and pushed into Global value chains, instead of narrowly focusing on domestic markets, domestic industries would resort to export-based production.



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(iii) ~~Trade~~ <sup>Tariff</sup> rationalization would safeguard the domestic industries by enabling tariffs on consumer goods from foreign exporters:

As mentioned in ~~ATP~~ NTP (2015-2024), the finished consumer products from foreign exporters would be under tariffs to protect domestic industries. Raw material and semi-processed products are relieved under tariff policies, not high quality imported consumer products.

**Conclusion:** Add a few more arguments in this part

Pakistan's National tariff policies since 2015 are a part of globally issued tariff rationalization regime. The changing dynamics of global trade has diverted away from free market and free trade assertions of neo-liberal school and has resorted to protectionist regime, using tariffs as bargaining tool and self-sufficiency the ultimate goal. Pakistan's NTP (2025-2030) although, diverge from changing global dynamics, there are potential economic aspects that could benefit from trade liberalization, still. It attracts export-led growth while safeguarding domestic industries.

Improve the references, paper presentation and the headings quality part