

REGULATION AND POLICY SPACE



Non-Tariff Measures in Pakistan

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Currently, technical barriers to trade are prevailing worldwide and Pakistan is no exception to it. Non-tariff barriers to trade (NTBs) are trade barriers that restrict imports such as: anti-dumping measures and countervailing duties. NTBs impact the trade flows of Pakistan and other WTO members. With the exclusion of a few sensitive high tariff products, NTB are the tangible obstacle to international trade.

Non-tariff measures (NTMs) are policy measures other than a customs tariff. Enormously, tariff and NTMs are levied to protect home country's import competing industrial sector. Tariff are monetary (taxes) while non-tariff measures are non-monetary barriers (documentation requirements, technical or safety standards, and packaging requirements) used by importing countries. NTMs are a normal part of doing business for producers and can impose more restrictions for trade than actual tariffs. They can be applied in different ways and at different stages of the supply chain which include: regulations, rules of origin, and quotas. Tariffs and non-tariff barriers are typically set by regulatory agencies that are empowered by statutes passed in legislatures. Countries usually close their economy through domestic laws that endorse tariffs and NTBs.

NTMs have become common after the WTO rules reducing tariffs to significant extent. Sometimes non-tariff trade barriers are permitted in limited situations, when they are considered necessary to protect health, safety, sanitation, or to protect dwindling natural resources. In other forms, they are criticized as a means to evade free trade rules such as those of the World Trade Organization (WTO), the European Union (EU), or North American Free Trade Agreement (NAFTA) that restrict the use of tariffs.

NTBs in Pakistan:

In Pakistan, seven legal instruments have been used to form NTBs. They include: SROs, Import Policy Order 2009 (Ministry of Commerce), Export Policy Order 2009 (Ministry of Commerce), Mandatory standards and conformity test by the PSQCA, Pakistan Plant Quarantine Act, 1976, Seed Act 1976, and Drug Act 1976. Statutory regulatory orders (SROs) have been used the most, followed by the Import Policy Order 2009 and the Export Policy Order 2009.

Pakistan's Imports, NTBs & Regulatory Authority

Pakistan's key imports from India are cotton, tea and chemicals (polypropylene), which is used to manufacture plastics, ropes, auto parts and textiles; and p-Xylene, which is used in the production of polyester. Moreover, Pakistan's imports from China are telephone and radio equipment. Pakistan's non-tariff barriers are focused on agriculture, plant, and food-related products. Agricultural NTBs are more common and dominant.

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In Pakistan, Ministry of Commerce of the Federal Government is mainly responsible for trade regulations. It controls the Trade Development Authority of Pakistan and several other agencies. The Ministry is authorized to regulate trade mainly from the Imports and Exports (Control) Act, 1950. Article 3 of the Imports and Exports (Control) Act entrusts the Central Government with the authority to prohibit, restrict or otherwise control the import or export of any goods.

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