

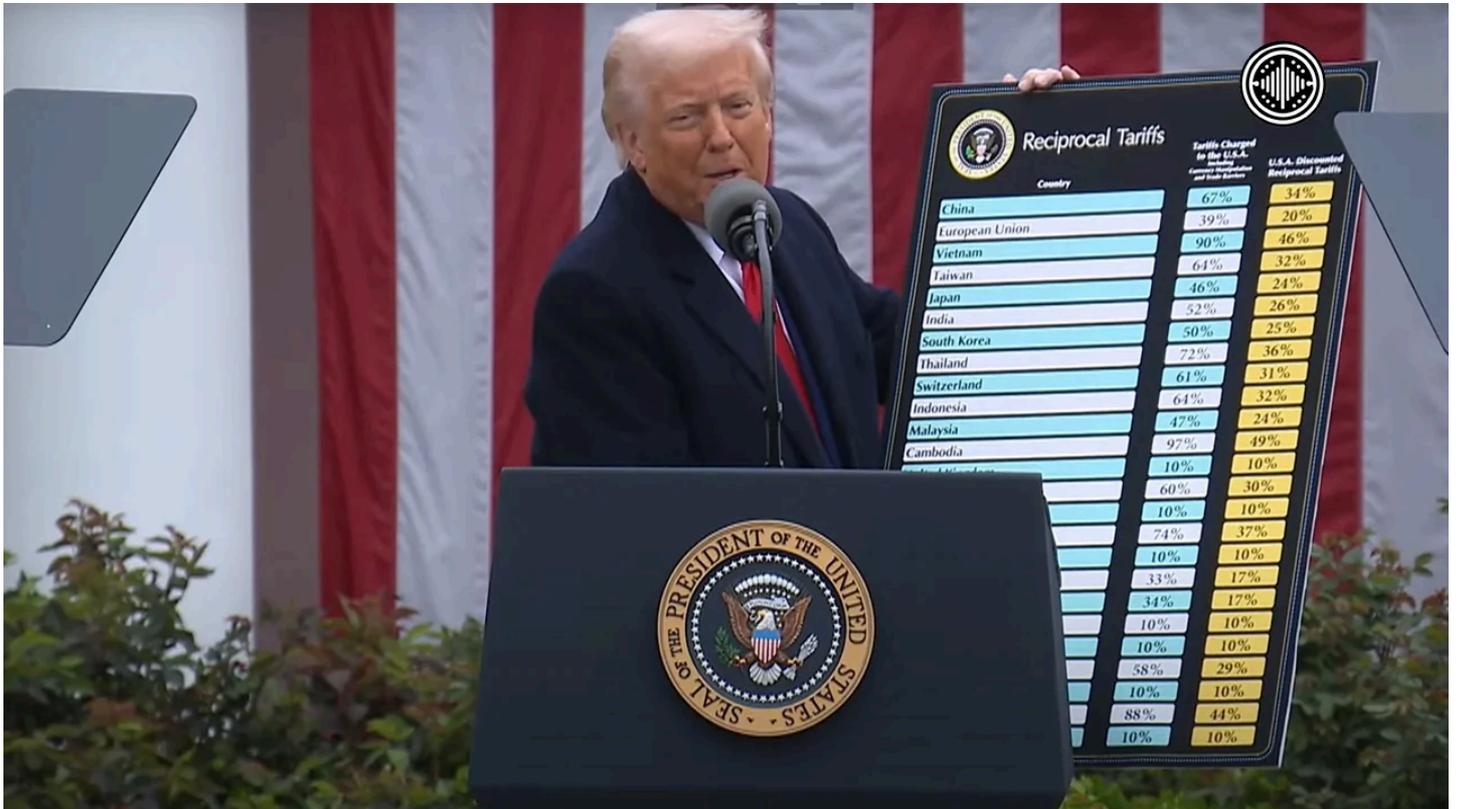
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## Pakistan's Tariff Policy Struggles with Weakness

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Pakistan's tariff policy is faltering, burdening consumers and stifling economic growth with high costs and inconsistent reforms. Inefficient tariffs on imports and exports, coupled with bureaucratic mismanagement, are eroding competitiveness and fueling inflation. This article examines the flaws in Pakistan's tariff structure, their impact on businesses and households, and the urgent need for a streamlined, market-friendly approach.

The Federal Board of Revenue (FBR) oversees a tariff regime riddled with high rates and exemptions that favor select industries while crushing others. In 2025, import duties on raw materials like steel and chemicals average 20%, driving up production costs for manufacturers, per the Pakistan Business Council (PBC). Small businesses, already grappling with energy crises, face inflated input costs, forcing many to shutter. Exporter Muhammad Ali told The Express Tribune, “High tariffs on components make our goods uncompetitive globally.” Meanwhile, consumers pay the price, with imported essentials like cooking oil and medicines carrying duties as high as 35%, exacerbating inflation, which hit 12% in June 2025, according to the Pakistan Bureau of Statistics (PBS).

Inconsistent policies worsen the mess. The government’s frequent tariff hikes, meant to boost revenue, often backfire by encouraging smuggling, which costs the economy \$3 billion annually, per PBC estimates. Export tariffs, like the 5% duty on textiles, Pakistan’s top export, choke an industry employing 15 million workers. Posts on X, such as by @TradeTruthPK, vent frustration: “Why tax our exports while India and Bangladesh cut duties?” Concessions to politically connected sectors, like sugar and cement, distort markets, leaving small enterprises to shoulder the burden of revenue shortfalls.

The fallout is clear: foreign investment is fleeing, and local industries are stagnating. Pakistan’s trade deficit widened to \$25 billion in 2024, per the State Bank of Pakistan (SBP). A coherent tariff policy could reverse this. Simplifying duty structures, lowering rates on raw materials, and phasing out crony exemptions would boost competitiveness. The government must prioritize economic logic over short-term revenue grabs to ease the burden on citizens and businesses. Without bold reforms, Pakistan’s tariff policy will continue

to suffocate its economic potential, leaving the nation vulnerable in a cutthroat global market.