



Mr. Haroon Akhtar Khan
Advisor to the Prime Minister
Industries and Production Division
Government of Pakistan
Islamabad.

PAMA/MoIP/109/2026
October 16, 2026

Subject: **INDEPENDENT REVIEW OF SIMPLE AND TRADE-WEIGHTED AVERAGE TARIFF DATA UNDER THE NATIONAL TARIFF POLICY.**

Dear Mr. Haroon Akhtar Khan,

On behalf of the Pakistan Automotive Manufacturers Association (PAMA), we wish to draw your kind attention to concerns regarding the data and methodology underpinning the National Tariff Policy (NTP), particularly the reported simple and trade-weighted average tariffs for Pakistan and their comparability with the corresponding figures used in international assessments. This matter has been brought to our attention through a recent news report appearing in a national daily. Copy of the same is attached for your ready reference.

PAMA fully supports the Government's objectives of rationalizing tariffs, improving export competitiveness and promoting an efficient, competitive economy. However, the success of these reforms depends on the accuracy and comparability of the underlying data. We are concerned that Pakistan's reported average tariffs may not provide a sufficiently robust basis for determining the extent and pace of further tariff rationalization without independent technical verification.

Simple and trade-weighted average tariffs can differ significantly depending on the methodology, datasets and assumptions employed. Differences in tariff-line coverage, reference periods, import weights, exemptions, preferential rates and the treatment of specific duties can materially affect the resulting figures. Accordingly, Pakistan's reported tariff indicators must be compared with World Trade Organization (WTO) statistics on a strictly like-for-like basis. Without reconciling these elements, headline percentages may lead to misleading conclusions about Pakistan's actual tariff position.

Our concern is not with tariff reform itself but with the possibility of far reaching policy decisions being made on the basis of an inadequately verified baseline. An independent review would establish whether the figures used in the NTP are methodologically sound and internationally comparable, thereby providing a reliable foundation for future decisions.

This is particularly important for the automotive industry, which supports a substantial domestic vendor base and requires long-term investment, localization and policy predictability. Tariff adjustments based on an inaccurate assessment could inadvertently undermine domestic manufacturing, discourage investment, weaken local supply chains and compromise employment and export potential – objectives contrary to government's broader industrialization objectives.

In view of the above, we respectfully request that you kindly place this matter before the Honourable Prime Minister and seek his guidance for:

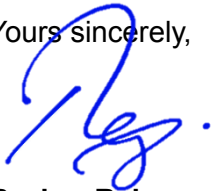


1. **An independent technical review** of NTP's simple and trade-weighted average tariff calculations, underlying data and methodology, including reconciliation with the relevant WTO figures.
2. **A transparent, like for like comparison** using consistent reference periods, tariff coverage, weighting methods and clearly stated assumptions.
3. **Deferral of further tariff adjustments materially dependent on the disputed baseline** until the review is completed and findings considered.

We believe that this would be a prudent safeguard, not a departure from the government's reform agenda. It would strengthen the credibility of the NTP, minimize the risk of unintended economic consequences and ensure that future tariff decisions are based on reliable evidence.

We trust that you will appreciate the importance of resolving this matter before further adjustments are undertaken and will extend your support in bringing it to Honorable Prime Minister's attention.

Yours sincerely,



Razi ur Rahman
Director General

Copy to: (i) The Federal Secretary MoIP, ISB
(iii) The Chief Executive Officer EDB, ISB
(v) Chairman PAMA, All Members

(iii) The Federal Secretary MoC, ISB
(iv) The Chairman, NTC, Islamabad



'NTP built on inflated figures'

Manufacturer says tariff was 10.3%, not 18.54%; ministry cites ACD and RD

Shahbaz Rana | October 15, 2026 | 4 min read



ISLAMABAD: Manufacturer Aamir Allawala told a government-sponsored seminar on Thursday that authorities used a wrong figure of 18.5% for the National Tariff Policy (NTP) to make a case for a 52% cut by claiming Pakistan had the highest tariffs in South Asia.

Allawala disclosed that the government included customs duty, additional customs duty (ACD) and regulatory duty (RD) to show Pakistan's tariff in 2023 was 18.54%, but said comparative tariffs of India, Bangladesh, Sri Lanka and other regional economies were based only on customs duty. He used World Trade Organisation (WTO) data to prove his point and shared the link to the source.

He said that against the claimed tariff figure of 18.54%, Pakistan's tariff was 10.3%, which was not only lower than the regional average but also far lower than India and Bangladesh.

Interestingly, the commerce ministry had last year shared similar figures on its website as part of the tariff policy but subsequently removed those slides.

When contacted, the commerce ministry spokesperson said the WTO "has not clarified about the inclusion or exclusion of para-tariffs of any country including the countries located in South Asia, however, WTO does not include para tariffs in the calculation of simple average in their tariff profile report," according to the commerce ministry.

It was responding to a question about the tariff rates given in the NTP for regional countries that were inclusive of para-tariffs, as was in the case of Pakistan.

The World Bank, which provided technical support for the preparation of the tariff policy, did not respond to a set of questions about using any wrong numbers for making a case for tariff cuts.

The commerce ministry said para-tariff, as per the WTO, means border charges, fees or levies imposed on foreign trade transactions that function like a tariff but are not included in a country's official customs tariff schedule. It added that the WTO calculates countries' tariffs based on the information provided by the respective countries.

Allawala shared these startling details at the 39th International Conference and Annual General Meeting of the Pakistan Society of Development Economists (PSDE). The conference was organised by the Pakistan Institute of Development Economics under the banner of the Ministry of Planning.

The drafters of the policy, currently in its second year of implementation, challenged the statement, which if proven correct can open a Pandora's Box for the World Bank, the Prime Minister's Office, the commerce ministry and the National Tariff Commission.

According to Allawala, the NTP inflated Pakistan's tariff to make it look like the highest. It added Pakistan's extra import duties to Pakistan's number only, turning the WTO's 10.3% into 18.5%, and compared that with every other country's customs duty alone. It did the same in its trade-weighted chart: 10.36% shown in the NTP, against the WTO's 7.6%, according to Allawala.

The basic premise used for the NTP that Pakistan's tariffs were the highest in South Asia is not correct and an apple had been compared with an orange to prove that, he said. The NTP should be reopened and the error rectified, he added.

To a question whether the Prime Minister's Office, the World Bank and the commerce ministry misled the nation, Allawala said he would not judge intentions, as it was a complex matter and there was a possibility that the Prime Minister's Office might not have been properly briefed.

To a question whether the prime minister should order an investigation to ascertain the facts, Dr Rubina Athar, a strong proponent of trade liberalisation, said the figures were misleading, as those used for the NTP were also often quoted by the World Bank in different studies.

The session was moderated by senior customs official Mukaram Jah Ansari.

It is correct that Bangladesh's and India's tariffs comprise customs duty but Pakistan's tariff by definition is inclusive of customs duty, ACD and RD, said former National Tariff Commission chairperson Dr Rubina Athar, a core member of the NTP team.

She said the para-tariffs are other taxes at import stage like sales tax and withholding taxes, which have not been included in Pakistan's 18.5% tariff in the base year. Tariff Policy Board member Dr Manzoor Ahmed, also part of the NTP core team, said the figures quoted by Allawala and Dr Rubina were correct in their own rights.

The commerce ministry spokesperson said the figure of 18.54% represents Pakistan's overall average tariffs, including 10.3% customs duty, 3.65% ACD and 4.57% RD.



Under the policy, Pakistan has decided to cut import duties from 20.1% to 9.7% by 2030 - a reduction of 52% in protection that has panicked many industries.

To a question whether it was correct that based on 2023 data, after excluding para-tariffs, Pakistan's simple weighted average most-favoured-nation (MFN) applied tariffs was 10.3% compared to India's 17% and Bangladesh's 14.1%, the commerce ministry spokesperson said the definition used by the WTO for para-tariffs is different from what is being assumed in the question.

According to the WTO Tariff Profiles 2024, Pakistan's simple average MFN applied tariff rate of 10.3% combined with 3.65% ACD and 4.57% RD makes it the highest in South Asia. India's was 17%, Bangladesh's 14.1%, and Nepal's 12.7%.

Allawala said Bangladesh has regulatory duty and supplementary duty. Sri Lanka charges Ports and Airports Development Levy, CESS and Social Security Contribution Levy. Türkiye has additional customs duties and additional financial liabilities, all of which are para-tariffs. However, the NTP added para-tariffs only for Pakistan and not for any other country.

The government and proponents of the NTP, aimed at demolishing half of the protection wall, argued that due to high import tariffs Pakistan's exports were not increasing.

But Allawala argued that Pakistan's low exports are not because of high tariffs. They are because of the geopolitical security situation, Pakistan's lack of intelligent strategic FTAs that practically close off African, Central Asian and South American markets for Pakistani exports, and a systemic cost disadvantage with the highest electricity tariffs, interest rates and taxation in the region.

Link:

<https://tribune.com.pk/story/2634884/ntp-built-on-inflated-figures>

