

DELIVERABLE**Economic Support Package for Revival of Manufacturing Sector****Status** Completed**Champion** Federal Minister Finance, Advisor Commerce**The 100 days commitment through which the deliverable was achieved****Theme:** Revitalise Economic Growth**Initiative: 12** “Announce immediate support package of reduced taxes, bring energy prices in alignment with regional competitors, clear the backlog of refunds / rebates, launch labour policy to safeguard workers and provide upskilling. Introduce incentives for Pakistan’s manufacturing industry to compete in international markets, boost exports, and create jobs.”**Milestone(s) of Federal Government**

- Economic Support Package for Revival of Manufacturing Sector Announced (Finance Minister) – Complete
- Tariff Policy announced (Commerce Adviser) – Complete
- Backlog of refunds and rebates cleared (Finance Minister) – In Progress

Progress Update of First 100 Days**Key Highlights****Economic Support Package for Revival of Manufacturing Sector – Complete**

To revive manufacturing, SMEs and exports, some of the **key economic support measures taken by the government in the first hundred days included:**

- Reduced gas price to \$6.50/mmbtu for five key export sectors (textile, sports goods, leather, carpets, and surgical goods)
- Subsidised electricity price for industrial sector by Rs. 3 per unit
- Reduced power tariff for five zero-rated export sectors to 7.5 cents per Kwh to ensure international competitiveness
- Protected small and medium commercial consumers from power tariff hikes
- Reduced customs duties on imported raw materials, to increase competitiveness of domestic value-addition
- Began process of clearing backlog of tax refunds

Details of approved SME/Manufacturing sector growth strategy approved by the Prime Minister will be uploaded to the Finance Ministry website.

National Tariff Policy Announced – Complete

The summary of the National Tariff policy is ready to be submitted to Cabinet for approval. Subject to approval, the Commerce Division will formally announce the detailed policy within the coming few weeks.



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The policy is aimed at increasing the competitiveness of the industrial sector, particularly exporters, by enabling access to raw materials and intermediate goods at international prices.

At this time, the Commerce Division is able to share the principles on which the policy rests:

Tariffs as an instrument of trade policy: This will be a departure from prior practice, where the primary goal of tariffs was to enhance government revenue.

Simplification: Reduction of exemptions and concessions

Cascading: Increased tariffs with further stages of processing.

Strategic Protection and Competitive Import Substitution: Protection of domestic industry will be time-bound, and phased out, to make the industry globally competitive.

Backlog of Refunds and Rebates Cleared– In Progress

The process of clearing sales tax refunds has begun, and 8,741 Billion rupees have been released to claimants. In line with the export promotion priority of our government, claimants from five export-oriented sectors (textiles, carpets, leather, sports goods, and surgical instruments) have been prioritised.

The government is putting in place a mechanism for automatic clearance of refunds, and will soon announce a roadmap for clearance of the existing backlog.

Next Steps

- Secure cabinet approval of National Tariff Policy; ensure adherence to the policy in future budgets
- Announce Strategic Trade Policy Framework
- Publicise roadmap for clearing backlog of refunds, and implement automatic clearance method
- Implementation of the SME/Manufacturing strategy as approved by the Prime Minister
- Develop implementation plan for improvement of Pakistan's productivity