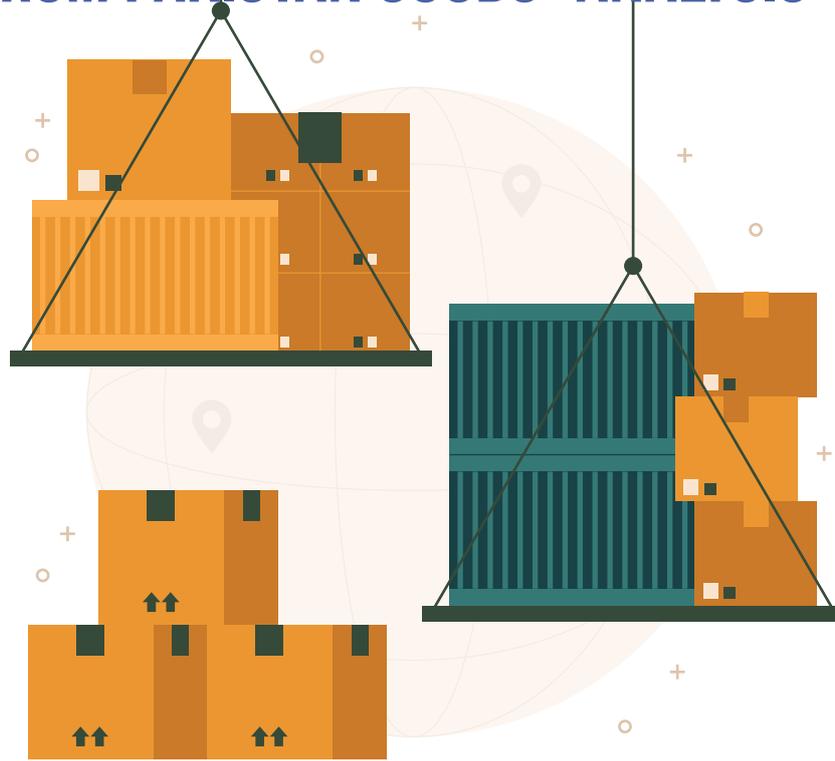


US COLLECTS OVER \$611 MILLION IN TARIFFS FROM PAKISTAN GOODS- ANALYSIS



The United States collected approximately \$611 million in annual tariffs on goods exported by Pakistan, while Pakistan collected about \$157 million in duties on US products, an analysis of trade and tariff data reveals¹.

Pakistan's exports to the US were valued at **\$5.71 billion in 2024**, with the US applying a weighted **average tariff of 10.7%** on these goods. Only 14.8% of Pakistani exports to the United States enter duty-free, while approximately 52.9% face some form of tariff.

In contrast, Pakistan imposes a simple average MFN duty of 10.3% on imports (13.0% for agricultural products and 9.9% for non-agricultural goods), with a **trade-weighted average of 7.6%**.

Textiles dominate Pakistan's exports to the US, accounting for 77% of total export volume, making this sector particularly vulnerable to any changes in US tariff policies.

The data indicates a significant tariff burden on Pakistani exports to the US market compared to other major trading partners like the European Union, where Pakistan benefits from preferential trade arrangements.

¹ Tariff revenue calculations: U.S. tariff revenue from Pakistani exports estimated at \$611 million (calculated as \$5.71 billion exports × 10.7% weighted average tariff rate); Pakistan's tariff revenue from U.S. imports estimated at \$157 million (calculated as \$2.06 billion imports × 7.6% weighted average tariff rate). Based on 2024 trade data from SBP and applying WTO tariff profile rates.

Pakistan's upcoming challenges include addressing the US's recent announcement of a reciprocal tariff policy that could raise duties on Pakistani goods to **29% in 2025, potentially affecting its trade surplus which stood at \$3.65 billion in 2024.**

Annex-A provides the WTO tariff profile for Pakistan, while Annex-B presents an overview of trade between Pakistan and the United States.

ANALYSIS

The impending increase in US tariffs to 29% under the reciprocal tariff policy presents both challenges and opportunities for Pakistan. While the overall tariff burden will increase significantly, Pakistan's position relative to competitors like China (facing 245% tariffs), Vietnam (facing 46% tariffs) and Bangladesh (facing 37% tariffs) may create strategic advantages in certain sectors.



Pakistan could leverage its competitive advantage in wearing apparel, woven fabrics, and food products where tariff increases are lower compared to regional competitors. In sectors like sports goods, Pakistan is projected to see improved market access relative to competitors, with **17 percentage points advantage over Vietnam, 8 percentage points over Bangladesh, and 216 percentage points over China.**

However, India's slightly better positioning with a 26% reciprocal tariff rate poses a competitive threat, particularly in textile, where Pakistan faces a 17.73 percentage point increase compared to India's 7.96².

To navigate this shifting trade landscape, Pakistan should consider diversifying its export markets beyond the US, enhancing competitiveness in sectors with favorable tariff differentials, and engaging in diplomatic efforts to negotiate better terms. The heavy concentration of exports in textiles (77%) makes diversification particularly urgent as a risk mitigation strategy.

² Dagha, M. Y., Ehsan, U., & Atiq, F. (2024). *An analysis of U.S. tariff barriers impacting Pakistan's trade.* Policy Research and Advisory Council (PRAC)

ANEX-A

Pakistan

Part A.1 Tariffs and imports: Summary and duty ranges

Summary		Total	Ag	Non-Ag	WTO member since	1995
Simple average final bound		60.8	96.2	55.2	Binding coverage:	Total 98.6
MFN applied						Non-Ag 98.9
Simple average	2023	10.3	13.0	9.9	Ag: Tariff quotas (in %)	0
Trade weighted average	2023	7.6	6.3	7.9	Ag: Special safeguards (in %)	0
Imports in billion US\$	2022	65.3	12.9	52.5		

Frequency distribution		Duty-free	0 <= 5	5 <= 10	10 <= 15	15 <= 25	25 <= 50	50 <= 100	> 100	NAV in %
		Tariff lines and import values (in %)								
Agricultural products										
Final bound		0	2.9	0	0.3	0.1	0.5	90.3	2.1	0.4
MFN applied	2023	5.7	34.3	0	13.2	44.5	0.1	2.2	0.0	5.0
Imports	2022	15.5	24.5	36.8	17.3	5.8	0.0	0.0	0.1	37.7
Non-agricultural products										
Final bound		0	1.7	0.0	1.8	13.6	18.2	63.5	0	0
MFN applied	2023	35.1	11.2	0	15.9	35.1	2.5	0.2	0	0.1
Imports	2022	38.9	25.1	0	22.6	10.0	1.3	2.1	0	1.3

Part A.2 Tariffs and imports by product groups

Product groups	Final bound duties				MFN applied duties			Imports	
	AVG	Duty-free in %	Max	Binding in %	AVG	Duty-free in %	Max	Share in %	Duty-free in %
Live animals and meat	94.4	0	100	94.5	12.0	0	20	0.0	0
Dairy products	100.0	0	100	100	18.0	0	20	0.1	0
Fruits and vegetables	100.4	0	200	100	13.5	0	20	2.5	0
Coffee, tea, cocoa and spices	103.7	0	150	100	8.5	0	20	1.4	0
Cereals and food preparations	103.9	0	150	100	13.5	0	20	2.5	0
Oilseeds, fats and oils	97.5	0	100	100	5.1	0	20	9.4	0
Sugars and confectionery	114.7	0	150	100	15.0	0	20	0.1	0
Beverages and tobacco	99.1	0	100	64.7	42.9	0	90	0.0	0
Cotton, silk and wool	6.6	0	25	100	0.0	100.0	0	2.9	100.0
Other agricultural products	97.0	0	100	99.3	8.8	12.5	130	0.6	15.0
Fish and fish products	66.4	0	100	100	13.9	0	20	0.0	0
Minerals and metals	65.5	0	75	100	9.6	39.3	35	19.8	33.6
Petroleum	66.2	0	75	100	10.9	13.2	20	22.8	37.6
Chemicals	57.1	0	100	99.9	5.1	61.3	20	16.3	48.4
Wood, paper, furniture	58.7	0	75	100	12.3	29.1	35	1.7	39.2
Textiles	22.4	0	75	100	11.3	14.0	20	3.7	33.8
Clothing	25.0	0	25	100	19.8	0	20	0.1	0
Rubber, leather and footwear	66.5	0	75	100	12.7	34.2	35	0.8	50.9
Mechanical, office and computing machinery	60.4	0	75	100	4.5	61.9	35	5.3	51.2
Electrical machinery and electronic equipment	65.2	0	75	100	12.1	27.5	35	5.1	36.5
Transport equipment	61.7	0	75	63.6	22.5	1.8	100	2.9	4.0
Other Manufactures	63.6	0	75	99.7	10.1	21.3	35	1.8	64.2

Part B Exports to major trading partners and duties faced

Major markets	Bilateral imports		Diversification		MFN AVG of traded TL		Pref. margin	Duty-free imports		
	in million US\$		95% trade in no. of		Simple	Weighted		Weighted	TL in %	Value in %
	Year	Value	HS 2-digit	HS 6-digit						
Agricultural products										
1. European Union	2022	1,064	12	28	12.9	12.6	8.5	70.6	62.4	
2. United Arab Emirates	2022	496	18	34	4.7	5.7	0.0	33.6	81.1	
3. China	2022	469	1	2	11.9	34.5	0.3	52.3	1.3	
4. Malaysia	2022	272	4	9	24.0	27.3	0.2	87.4	34.4	
5. United Kingdom	2022	238	17	43	10.6	6.2	3.8	72.4	64.6	
Non-agricultural products										
1. European Union	2022	8,835	31	229	4.8	10.0	10.0	99.6	99.8	
2. United States of America	2022	5,744	29	163	6.4	10.7	0.3	52.9	14.8	
3. United Arab Emirates	2022	2,362	27	86	4.7	4.8	0.0	5.6	4.7	
4. United Kingdom	2022	2,006	31	222	5.2	10.4	10.4	99.3	100.0	
5. China	2022	1,369	11	29	6.2	2.0	1.8	63.1	98.0	

ANEX- B
Trade Overview (2021-2024)
January – December
(USD Billion)

YEAR	EXPORTS	%YoY	IMPORTS	%YoY	BALANCE
2021	6.08		2.86		3.22
2022	6.55	7.8	2.74	-4.2	3.82
2023	5.61	-14.3	2.02	-26	3.59
2024	5.71	1.7	2.06	1.8	3.65

Source: EPBD calculation using SBP Export and Imports receipts by Country