

IN-DEPTH

# International Trade Law

PAKISTAN

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# International Trade Law

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In-Depth: International Trade Law (formerly The International Trade Law Review) provides an incisive overview of the current state of global trade law and practice. With a focus on recent developments, it analyses the key features of the national and international legal frameworks governing trade, including trade remedies; investigation and review procedures; applicable treaties; trade disputes; and an outlook for future developments.

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# Pakistan

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## Summary

INTRODUCTION

LEGAL FRAMEWORK

TREATY FRAMEWORK

YEAR IN REVIEW

OUTLOOK AND CONCLUSIONS

ENDNOTES

## Introduction

As a member of the World Trade Organization (WTO) and a signatory to the General Agreement on Tariffs and Trade 1994 (GATT), Pakistan must ensure that its trade remedy framework complies with the WTO agreements. Its trade remedy mechanism is derived from internationally agreed rules and procedures under the auspices of the WTO. The National Tariff Commission (NTC), an autonomous government agency, is entrusted to conduct trade remedy investigations. The governing laws in Pakistan that deal with trade remedy measures came into force in 2001. The first anti-dumping investigation by the NTC was initiated in 2002 against the dumped imports of tinsplate from South Africa and, since then, it has initiated 148<sup>[1]</sup> and imposed 110 measures involving all the major industries, including iron and steel, chemicals, paper and paper board, textiles, petrochemicals, tiles and sanitary ware, packaging, and automotive parts.

As Pakistan's industrial sector is still underdeveloped, the market is dominated by imports in various sectors. As a result, any new investment in an industrial product faces immense competition from imports, which can only be remedied from the imposed trade remedy measures. As imports (in most cases) are dumped, and the imposition of anti-dumping measures, compared with countervailing and safeguard measures, involves fewer complexities, most industries opt for filing an anti-dumping application. There are many success stories, with the new industry not only flourishing after the imposition of an anti-dumping duty but also being able to expand its capacity further, resulting in the fulfilment of domestic demand and creating exportable surplus. The hydrogen peroxide, flat steel and aluminium beverage can industries are perfect examples of such instances. The NTC conducted an investigation against dumped imports of hydrogen peroxide in 2008 and imposed anti-dumping duties on dumped imports from seven countries. This imposition of anti-dumping duties levelled the playing field, and allowed the industry to serve domestic demand and start exporting to other countries. With the expansion in domestic demand, local players also enhanced their capacity and new players entered the industry.

This was also the case with the flat steel industry. A major portion of this industry is made up of cold-rolled coils, galvanised coils and colour-coated coils. After the downfall of Pakistan Steel Mills, the private sector began setting up manufacturing units for flat steel products in Pakistan. The industry started production in 2011 and was under severe pressure from dumped imports, which prompted it to file various anti-dumping applications against dumped imports of cold-rolled coils, galvanised coils and colour-coated coils. The NTC concluded anti-dumping investigations and imposed anti-dumping duties. After levying anti-dumping duties, the performance of the industry began to improve. Its capacity enhanced from 500,000 tonnes to 1.7 million tonnes per annum. Now, in addition to catering for domestic demand, Pakistan's steel industry is competing in export markets with quality products.

The aluminium beverage can industry came into operation in Pakistan with an initial capacity of 750 million cans per annum. From the very start of production, it had to incur severe losses due to competition with dumped imports. As a result, 50 per cent of its equity had been wiped out due to accumulated losses. After the imposition of anti-dumping duties on dumped imports of aluminium beverage cans, it not only catered for the whole

domestic market but was able to have sizeable exports to neighbouring markets. By virtue of the imposition of anti-dumping duties, the aluminium beverage can industry became profitable and made its initial public offering with an expansion in capacity of 1.2 billion cans per year.

Industries are increasingly becoming aware of their rights under trade defence laws. The NTC had been conducting awareness sessions in various cities to let people know what trade remedies are available to them and how the process works. Gradually, more cases and investigations are being opened concerning trade remedies, mostly related to anti-dumping. The year 2015 saw the most anti-dumping investigations by Pakistan in one year. Duties on the initiations made in 2017 were imposed in 2017. Sunset or expiry reviews for all these duties became due in 2022 and 2023, which were carried out and anti-dumping duties were continued by the NTC. The significance of trade remedy measures is demonstrated in the financial results of the industries during the period of levying anti-dumping duties. The industries have undertaken capacity expansions, and their production, sales, capacity utilisation and profits have also increased. New players have also entered the domestic market to enjoy a level playing field. For example, the imposition of anti-dumping duties benefited the sulphonic acid industry; the major producers who filed original anti-dumping application have increased their capacities; and new capacities have also been installed during the period of levying anti-dumping duty. Similarly, the polyvinyl chloride industry has also benefited from the level playing field provided by the imposition of an anti-dumping duty and has increased its capacity from 195,000 tonnes to 295,000 tonnes. Finally, the long steel industry of Pakistan saw significant capacity expansions and backward integration projects by existing producers and many new entrants with significant capacities.

To date, Pakistan has not initiated any safeguard investigations. Only one application was filed under the Safeguard Measures Ordinance 2002 in July 2015 by the producer of soap noodles, which was not initiated by the NTC because there was a lack of 'sufficient evidence of serious injury to the domestic industry' and no 'surge of imports'.

As regards subsidy and countervailing, to date, only two anti-subsidy and countervailing applications have been filed by domestic industries and initiated by the NTC. The first was filed in October 2011 along with an anti-dumping application against alleged subsidised and dumped imports of certain writing and printing paper into Pakistan, which originated in and was exported from Indonesia and Thailand. After the investigation was initiated, certain legal and jurisdictional issues were raised in the Constitutional courts of Pakistan resulting in injunction orders that held the NTC's investigation proceedings in abeyance. Indonesia subsequently challenged the investigation before the WTO Dispute Settlement Body, claiming inconsistency with Article 5.10 of the WTO's Anti-dumping Agreement and Article 11.11 of the Agreement on Subsidies and Countervailing Measures (ASCM), as conclusions in these investigation was made beyond 18 months since initiation. In this case, Pakistan initiated the investigations in November 2011 and they were still pending in November 2013. After attempts to resolve the dispute failed, on 12 May 2014, Indonesia requested that the Dispute Settlement Body (DSB) establish a panel to examine the matter. However, Pakistan notified the DSB of its concerns over this request, stating that 'no provisional or definitive anti-dumping or countervailing duties had been imposed by Pakistan on the products in question' and Indonesia's share of the import market had grown since the initiation of the investigations by Pakistan, which meant the investigations did not have any economic impact on Indonesia. On 23 May 2014, pursuant

to Pakistan's request, the DSB deferred the establishment of the panel. Pakistan terminated its countervailing investigation in June 2014.

The second countervailing application was filed in April 2016 against subsidised imports of fine cotton yarn from India. After a thorough investigation, the NTC determined subsidy margins and imposed provisional countervailing duties for four months. However, as the domestic industry filed both anti-dumping and countervailing applications simultaneously, the NTC decided to impose definitive anti-dumping duties in the final determination and countervailing duties were not imposed.

A major development in trade remedy measures was the change of circumstances review investigations initiated and concluded by the NTC. Until the end of 2019 (after a period of 18 years since trade remedy laws were promulgated), the domestic industry had never invoked the provision of a change of circumstances review.<sup>[2]</sup> The NTC had also never conducted a change-of-circumstances review investigation. When duties were levied, they remained applicable for the entire period for which they were levied initially and at the same rate determined in the final determination of the investigation.

During December 2019, the first-ever application for a change of circumstances review of anti-dumping duties was filed with the NTC. This application was filed by the domestic hydrogen peroxide industry against imports from Bangladesh. The industry alleged that the circumstances that were prevalent during the period of the investigation had changed significantly, leading to a situation where the existing anti-dumping duties were no longer effective and the quantum of the anti-dumping duty rates in force had to be increased. On 26 August 2020, the NTC concluded its review and definitive anti-dumping duties were imposed on dumped imports of hydrogen peroxide imported from Bangladesh. The original range of 10.67 per cent to 12.14 per cent was revised to 15.38 per cent to 16.1 per cent, effective from 26 August 2020.

Following this, the domestic industry producing sorbitol solution filed for a change of circumstances review along with a sunset review of anti-dumping duties levied on dumped imports of sorbitol 70 per cent solution (Sorbitol) into Pakistan originating in or exporting from India, or both. The industry alleged that the Indian exporters had absorbed the anti-dumping duties and, therefore, imports of Sorbitol from India had continued after the imposition of anti-dumping duties at dumped prices. The review investigation was concluded, and the NTC determined that the available data did not support the claims made by the applicant that circumstances for production and sales of Sorbitol in India had significantly changed. It has, therefore, concluded that the re-determination of anti-dumping duty is not required.

Until the end of 2023, there were hardly any new anti-dumping investigations initiated by Pakistan. All ongoing investigations or those already determined by the NTC relate to sunset reviews of anti-dumping duties levied in 2016 to 2017. There may be a number of reasons for this, including the impact of covid-19, higher freight costs and exchange rate depreciation, among others. Higher freight costs and exchange rate depreciation mean that the landed cost of imports have increased significantly, making imports less attractive. In this context, domestic industry could increase its sales by reasonable margins. Further, the fact that imports have been controlled and restricted over the course of the past year or because of the current account deficit have also played a role in preventing any influx of imports, thereby eliminating the need to invoke trade defence remedies.

However, in 2024, the NTC has made two initiations involving chlorinated paraffin wax and polyester filament yarn. The chlorinated paraffin wax industry in Pakistan is a new industry and has claimed material retardation to its establishment due to dumped imports in its application. The two investigations are in process with the NTC.

For the first time in Pakistan, the NTC has initiated an anti-circumvention measures investigation into the circumvention of anti-dumping duties imposed on dumped imports of coated bleach board from China. The initiation of this anti-circumvention investigation by the NTC is a significant development in Pakistan's trade remedies journey as circumvention is a significant issue being faced by many industries who have applied for the imposition of anti-dumping duties. Initially, importers had been avoiding anti-dumping duties through stay orders from the High Courts. However, with the establishment of the jurisprudence, getting stay orders from the High Courts is becoming difficult and importers are now finding new avenues to avoid anti-dumping duties. Therefore, Pakistan is likely to have more anti-circumvention investigations in the near future.

## Legal framework

Pakistan is a signatory to the Uruguay Round Agreements, thereby making it a founding member of the WTO. For the WTO trade defence agreements to have legal force in Pakistan, it was necessary for laws to be enacted in Pakistan that mirrored the provisions of these agreements. Therefore, to give effect in Pakistan to the provisions of Article VI of the GATT and to the Agreement on Implementation of the GATT, and to consolidate the laws relating to anti-dumping duties to offset dumping, to provide a framework for investigation and determination of dumping and injury in respect of goods imported into Pakistan and for ancillary or connected matters, the Anti-Dumping Duties Act 2015 (XIV of 2015), which reformed and repealed the Anti-dumping Duties Ordinance 2000 (LXV of 2000) is in place. A further amendment to this Act was issued on 3 November 2022 through the Anti-dumping Duties (Amendment) Act 2022 (Act No. XXIX of 2022) wherein certain provisions of the Act were amended.

Similarly, to give effect to the provisions of Articles VI and XVI of the GATT and to the ASCM, and to further strengthen the law relating to imposition of countervailing duties to offset subsidies, to provide a framework for investigation and determination of such subsidies and injury in respect of goods imported into Pakistan and for ancillary or connected matters, the Countervailing Duties Act 2015 (XIII of 2015), which reformed and repealed the Countervailing Duties Ordinance 2001 (I of 2001), is in place.

Finally, to give effect to the provisions of Article XIX of the GATT and to the Agreement on Safeguards to provide for the imposition of safeguard measures accordingly, to provide a framework for investigation and determination of serious injury caused by products imported into Pakistan and for ancillary or connected matters, the Safeguard Ordinance 2002 (XXXI of 2002) is in place. In 2015, an amendment to this Ordinance was issued through the Safeguard Measures (Amendment) Ordinance 2015 (Ordinance No. 2 of 2015)

To enforce these laws, the government established the NTC through the National Tariff Commission Act 1990. This Act was revised through the National Tariff Commission Act 2015 (XII of 2015) on 10 September 2015.

In addition to the above-mentioned Acts and Ordinances, the following rules were promulgated to establish the process of investigations: the Anti-Dumping Duties Rules 2001, the Countervailing Duties Rules 2001 and the Safeguard Measures Rules 2001. A new version of the Anti-dumping Duties Rules 2022 was issued by the government of Pakistan through SRO 1014(1)/2022, which replaced the existing Anti-dumping Duties Rules 2001. The new rules now include detailed provisions on procedural matters for the effective implementation of the Anti-dumping Duties Act 2015.

## Treaty framework

Pakistan has a free trade agreement (FTA) with Sri Lanka (2005), preferential trade arrangements (PTAs) with Iran (2004), Mauritius (2007) and Indonesia (2012), and FTAs in goods and investments with China (2005) and Malaysia (2007). It is part of the Economic Cooperation Organization Trade Agreement and the South Asian Free Trade Agreement. Pakistan recently, signed two new preferential trade agreements – with Turkey and Uzbekistan.

No new trade agreement has been signed in the past few years. Pakistan is also in negotiations for FTAs and PTAs with certain other countries; for example, Afghanistan, Azerbaijan, the members of the Gulf Cooperation Council, Iran, Thailand, and the United Arab Emirates.

The government strongly believes in free trade regimes and has always supported efforts aimed at promoting free trade and open market policies. However, statistics in recent years have revealed that Pakistan has been unable to boost its international trade performance despite seeking to implement various trade liberalisation policies. The bilateral trade with its FTA partners has also been running into a continuous deficit, indicating that it has not been able to take advantage of the free trade agreements. However, the recent renegotiation of Pakistan's FTA with China is a step in the right direction by incorporating China's preferences when considering relevant exportable products in Pakistan. The renegotiated agreement reflects, to some extent, Pakistan's economic priorities. It adopts strong commitments in areas where the agreement obligations are in line with its growth strategy.

In 2019, the government of Pakistan approved and implemented its first-ever National Tariff Policy 2019–2024 (NTP). The NTP recognised the importance of using import tariffs for industrial development and export growth. It was based on the principles of:

1. employing tariffs as an instrument of trade policy rather than revenue generation;
2. maintaining vertical consistency through cascading tariff structures (increasing tariff with stages of processing of a product);
3. providing time-bound 'strategic protection' to the domestic industry during the infancy phase; and
- 4.



promoting competitive import substitution through time-bound protection, which will be phased out to make the industry eventually competitive for export-oriented production.

In accordance with these principles, it was decided that any protection given to the domestic industry will be limited to a certain specified time and will be gradually withdrawn to promote free trade. These principles have also been considered while announcing the previous Finance Bills, and certain anomalies have been removed in cascading tariff structures, a few targeted interventions to promote and protect domestic industries have been made, and tariffs have been rationalised on industrial raw materials and intermediate goods. Continuing its commitment under the NTP, the government has exempted import duties from a large number of tariff lines of raw materials, and on certain other tariff lines; as such, import duties have been reduced. Because the instant policy is going to expire in 2024, the Ministry of Commerce and the NTC have already started developing the National Tariff Policy 2025–2029 internally, and will soon share the draft for consultation with relevant stakeholders.

To achieve trade facilitation in an automated environment, reduce clearance times for legitimate trade and improve compliance through increased access to regulatory information and functions, the Pakistan Single Window system, was launched in 2017 to 2020. This Integrated Digital Platform allows parties involved in trade to lodge standardised information and documents within a single entry point to fulfil all import, export and transit-related regulatory requirements. Further, it ensures greater collaboration and coordination between Customs and other border regulatory agencies at the national and international level to coordinate border management, and increase transparency in regulatory processes and decision-making. Phase I of the same was implemented in 2022 wherein a few regulatory authorities were integrated through this portal. Subsequently, Phase II was rolled out in 2023, integrating further authorities.

The government of Pakistan and the government of the United Arab Emirates are collaborating to finalise a comprehensive economic partnership agreement. The United Arab Emirates, Pakistan's third-largest trade partner after China and the United States, is considered an ideal export destination due to its geographical proximity, time-tested historic relations and extensive overseas diaspora, and stands as the second-largest source of remittances for Pakistan. Both sides are poised to tap into their economic potential and contribute to the region's economic dynamism. Currently, both the sides are negotiating on tariff lines and will hopefully soon come to a consensus.

All these initiatives demonstrate Pakistan's commitment to facilitate trade to and from Pakistan.

## Year in review

### Recent changes to the regime

The Anti-dumping Duties Act 2015 was modified through the Anti-dumping Duties (Amendment) Act 2022, which now includes the definition of foreign grant-in-aid projects.

Further, a section was inserted that excludes the imposition and collection of anti-dumping duties on imports designated for use as inputs in products solely for export or for use in foreign grant-in-aid projects, provided that they fall under any scheme exempting customs duties for exports or foreign grant-in-aid projects under the Customs Act 1969. The modified section had been present in previous versions, but the current amendment is more detailed. Under the current applicable regime, anti-dumping duties are not levied on products that are imported as input in products destined solely for export or for use in the foreign grant-in-aid projects.

The Anti-dumping Duties Rules 2022 were issued to repeal the old Anti-dumping Duties Rules 2015. The new rules are very comprehensive and provide detailed mechanisms for the effective implementation of the law. The Rules have now been arranged in chapters based on procedural aspects and cover many practical aspects of the investigation that were missing in earlier versions. Major changes include the following;

1. Rule 15 has been added, which highlights the provisions related to disclosure of essential facts in detail. These provisions were briefly included under Subrule 8 of Rule 14, which primarily covered public hearings.
2. Chapter IV has been added, addressing the determination of price and cost to make and sell for like products. Specifically, Rule 21 focuses on determining a non-injurious or fair price, while Rule 22 concentrates on calculating the cost to make and sell for like products.
3. The Repealed Rules were silent on the procedure for anti-circumvention investigation and measures resulting therefrom. Chapter V, which includes Rules 23 to 31, has now been added to cover the procedural aspects of anti-circumvention measures. This chapter provides detailed guidance covering key areas: the application process for these measures; the requirement to notify the government of the exporting country; the necessary disclosures in the application; the initiation and notification of investigations; and the procedures for determination and notice in a review.
4. Chapter VI, which includes Rules 32 to 44, has been added, covering the procedural aspects of the sunset review, change in circumstances review and newcomer review. The Repealed Rules were silent on these provisions. This chapter provides detailed guidance covering several key areas: the disclosure in the application for the review; withdrawal of an application of a review; initiation, notice and disclosure in the notice of initiation of review; determination of individual dumping calculations; and determination, notice and disclosure in the notice of conclusion of review.
5. The Repealed Rules did not include provisions for the procedure for refund of anti-dumping duties. Previously, the NTC had issued a circular containing the procedures and guidance for refund of anti-dumping duties. The new Rules now provide detailed guidance on the procedure and requirements for refund of anti-dumping duties, which are provided in Chapter VII, covering Rules 45 to 55.
6. Chapter VIII was added to contain miscellaneous provisions, which cover Rules 56 to 62:
  - Rules 56 to 58 cover dispute settlements and consultations with the exporting countries. They are primarily concerned with the actions of the

NTC after the imposition of anti-dumping duties and require the NTC to hold consultations with the exporting countries whose product is subject to anti-dumping duties, upon request for such consultations, and take all necessary measures for the effective implementation of Article 17 of the WTO Anti-dumping Agreement.

- Rule 60 has been added to ensure the effective implementation of anti-dumping duties and to evaluate their impact on domestic industry. It requires domestic industry to provide data and information relating to the imports as well as operations of the domestic industry to assess the impact of the imposition of anti-dumping duties on the state of the domestic industry. These provisions also call for the suspension of anti-dumping duties in the event of a failure of the domestic industry to provide such information and the initiation of a review to determine a need for continued imposition of anti-dumping duties within 45 days of such a failure on the part of the domestic industry.
- Rule 61 has been added for guidance on the suo moto power of the NTC to initiate the following:
  - an investigation with prima facie evidence of dumping and injury to domestic industry;
  - a sunset review or expiry review to determine the likelihood of continuation or recurrence of a dumping and injury to domestic industry;
  - a change of circumstances review at any time after the imposition of an anti-dumping duty to determine the need for the continued imposition of the anti-dumping duty and the extent thereof; and
  - an investigation for anti-circumvention measures if the NTC is satisfied that the anti-dumping duty imposed on the product is being circumvented.

## Significant legal and practical developments

In some recent litigation concerning appeals against the judgment of the Anti-dumping Appellate Tribunal (Islamabad), the High Courts have now resolved the issue of territorial jurisdictions of the High Courts in such appeals. The High Courts have held that the appropriate territorial forum for hearing appeals against judgments of the Anti-dumping Appellate Tribunal is the Islamabad High Court. This issue of the jurisdiction of the appeal was first decided by the Sindh High Court in the matter of [Messrs Karachi Iron and Steel Merchants Association v. Anti-dumping Appellate Tribunal](#),<sup>3</sup> wherein the Court held that:

*7. Here the situation is different as the Tribunal is constituted at Islamabad. Admittedly the appeals preferred by the appellants at Islamabad Tribunal and all parties contested their case at Rawalpindi Bench in FAO, against the said order four appeals are filed at Islamabad High Court, hence I agree with the*

*same referred observation and hold the present appeal (s) to be incompetent. Accordingly, captioned appeals are dismissed on the point of jurisdiction.*

The matter of territorial jurisdiction was upheld by the larger bench of the Lahore High Court in the case of *M/s Ashfaq Brothers and another v. Anti-dumping Appellate Tribunal of Pakistan and others*<sup>[4]</sup> wherein the Court further deliberated on the issue and dismissed the appeal on grounds of territorial jurisdiction. The Court held that:

*18. The crux of above discussion is that word "High Court" used in sub-section (13) of Section 70 of the "Act" corresponds to Islamabad High Court and, as such, this Court lacks territorial jurisdiction to ponder upon the decision of the "Appellate Tribunal.*

An important legal development is witnessed in the matter of *M/s Al-Qamar Imports (Pvt.) Limited v. Anti-dumping Appellate Tribunal*, wherein the Islamabad High Court settled the legal principles concerning the non-impleadment of the necessary party in appeals, the scope of the appeal and the exclusion of period of judicial reviews from time allowed for concluding an investigation. The Islamabad High Court has held the following:

1. Non-impleadment of a necessary party constitutes fraud or misrepresentation. It is a settled law that a decision cannot be allowed to remain in the field if it has been procured without impleading a party whose rights were involved. Such an aggrieved party is entitled to file an application under Section 12(2) of the Code of Civil Procedure 1908 (CPC).
2. Section 70(13) of the Anti-Dumping Act 2015 provides that the decision of the Appellate Tribunal is appealable to the High Court. The essential character of the second appeal under Section 100 of the CPC is not altered and thus same restrictions as prescribed under Section 100 of the CPC are applied, meaning thereby that the scope of appeal in High Court being the second appeal is restricted in its scope and the ground taken in the lower forum cannot be altered.
3. The judicial review period is not to be included in the timelines provided in Section 39 of the Anti-Dumping Act 2015. Reliance is placed on the WTO panel report on BOPP Case No. WT/DS538.

In another important issue, appellants were filing time-barred appeals before the Anti-dumping Appellate Tribunal. Subsequently, appeals were also filed before the Constitutional courts (i.e., the High Courts) to get an interim stay against the decisions of the Tribunal and to frustrate proceedings through the multiplicity of adjudications, restricting further proceeding in investigations, rendering anti-dumping duties inapplicable or preventing them from being collected for a certain period. In *Messrs Amal Steel and Steel Merchants Association vd Anti-Dumping Appellate Tribunal*, the appellant raised the issue of the power of the Anti-dumping Appellate Tribunal to condone a time-bared appeal. The Islamabad High Court categorically decided that that the Tribunal does not possess the power to condone a time-barred appeal. The Court also held that the scope of appeal before the Constitutional Court (i.e., the High Courts) is much more limited and the Constitutional Court, as such, does not hold the power to condone delay in such appeals. The Court held that:

15. *The only question before this Court is whether the present appellants have standing before this Court, when they have not availed the right to file a first appeal before the Tribunal or where such appeal was dismissed on grounds of limitation. And the answer is that they do not have a right to hearing. In the event that such right was afforded to them it would render redundant the period of limitation prescribed by the ADD Act for purposes of filing an appeal before the Tribunal. Any party could then simply choose not to file an appeal before the Tribunal in the event that the period of limitation had passed and come before this Court, which is the second appellate forum, to avail their first right of appeal. The scheme of ADD Act does not permit the same. It is also not in accordance with the principles of justice and fairness that a party who has not timely availed a right of appeal before the Tribunal should then be entertained by this Court by stepping into the shoes of the first appellate Court. The scope of appeal before as the second appellate forum is much more limited. As aforementioned, this Court cannot become an instrument in altering the adjudicatory scheme prescribed by the ADD Act, creating the Tribunal as the primary appellate forum, under some misplaced sense of dispensing equity.*

16. *In view of the above, this Court finds that the appeals are not maintainable and are dismissed.*

These recent developments in the practice are very significant as they clearly established the boundaries for availing the right of second appeal before the Constitutional Courts as provided in Section 70(13) of the Anti-dumping Duties Act 2015. These principles settled by the High Courts will help in reducing the number of frivolous appeals that undermine the remedial affects of anti-dumping duties.

## Trade disputes

As regards trade remedies, Pakistan has been party to eight WTO disputes, five as a complainant against the United States (two cases), the European Union, South Africa and Egypt, and three as a respondent against Indonesia, the United Arab Emirates and the European Communities. Four of these cases are summarised below.

### Pakistan – Export Measures Affecting Hides and Skins (DS107)

On 7 November 1997, the European Communities requested consultations with Pakistan in respect of a notification enacted by the Ministry of Commerce of Pakistan prohibiting the export of, among other things, hides and skins, and wet blue leather made from cow hides and cow calf hides. The European Communities contended that this measure limited the access of EC industries to competitive sourcing of raw and semi-finished materials. The matter was resolved through a mutually agreed settlement between the European Union and Pakistan.

### Pakistan – Anti-dumping and Countervailing Duty Investigations on Certain Paper Products from Indonesia (DS470)

On 27 November 2013, Indonesia requested consultations with Pakistan relating to the continuation of, and failure to terminate in a timely manner, certain anti-dumping and countervailing duty investigations on certain paper products from Indonesia. In 2014, Indonesia requested the creation of a panel, but this was deferred. The NTC subsequently terminated the investigations.

South Africa – Provisional Anti-dumping Duties on Portland Cement from Pakistan (DS500)

This case relates to the imposition of provisional anti-dumping measures by South Africa on the import of Portland cement products from Pakistan. On 10 November 2015, Pakistan requested consultations with South Africa, but the dispute did not settle or move forward. South Africa imposed final anti-dumping duties, and an expiry review was initiated in December 2020. On 10 June 2022, the International Trade Administration Commission of South Africa issued a regulation extending the definitive duty imposed on imports of Portland cement from Pakistan following the conclusion of the sunset review. The rate of duty ranges from 25 per cent to 68.87 per cent.

Pakistan – Anti-dumping Measures on Biaxially Oriented Polypropylene Film from the United Arab Emirates (DS538)

On 24 January 2018, the United Arab Emirates requested consultations with Pakistan concerning Pakistan's anti-dumping measures on imports of biaxially oriented polypropylene film from the United Arab Emirates. A panel was established and composed on 7 May 2019. On 18 January 2021, the panel report was circulated to members. On 22 February 2021, Pakistan filed an appeal before the Appellate Body on certain issues of law and legal interpretations in the panel report.

## Outlook and conclusions

According to the quarterly National Accounts Committee, gross domestic product (GDP) growth for the third quarter of 2024 is estimated at 2.09 per cent.<sup>[5]</sup> Economic activities have improved, particularly in the agricultural sector, which has set the stage for further economic strengthening in the coming months as its positive effects spread to other sectors. Industrial activities are gradually improving, inflation is decreasing and the external sector is stable. Moving forward, the economy is expected to gain momentum due to favourable external and domestic economic conditions. Overall growth in the country is improving across the agriculture, industrial and service sectors, with estimated growth rates for the third quarter of 2024 at 3.94 per cent, 3.84 per cent, and 0.83 per cent, respectively, in these sectors.

According to the Asian Development Outlook of April 2024,<sup>[6]</sup> Pakistan's GDP is expected to grow by 1.9 per cent over the 2023 to 2024 financial year. This growth is attributed to a rebound in private sector investment, spurred by progress on reform measures and the transition to a more stable government. Additionally, increased private consumption and

higher workers' remittances, driven by a shift to a market-determined exchange rate, are anticipated to bolster this growth.

Domestic demand will be restrained due to low confidence, a surge in living costs and the implementation of tighter macroeconomic policies under the IMF standby agreement. However, in 2025, growth is projected to reach 2.8 per cent. This increase is expected to be driven by higher confidence, reduced macroeconomic imbalances, adequate progress on structural reforms, greater political stability and improved external conditions.

As at 24 May 24 2024, Pakistan's total liquid foreign exchange reserves had reached US\$14.3 billion, comprising US\$9.1 billion held by the State Bank of Pakistan and US\$5.2 billion by commercial banks. In April 2024, the Pakistan Stock Exchange (PSX) saw notable performance, with the KSE-100 index, its benchmark, rising by 6.1 per cent. The KSE-100 index gained 4,097 points during the month, closing at 71,103 points on 30 April 2024. Furthermore, the market capitalisation of the PSX increased by approximately 300 billion Indian rupees, reaching 9,747 billion rupees.

Pakistan's Planning Ministry announced a positive economic outlook for the upcoming year, setting a growth target of 3.6 per cent. In its annual plan review, the Ministry highlighted that growth prospects depend on factors such as political stability, exchange rates, macroeconomic stabilisation through IMF programmes, and anticipated decreases in global oil and commodity prices. Furthermore, the Planning Ministry indicated that fiscal deficit would diminish due to fiscal consolidation measures, while domestic average inflation was expected to moderate to 12 per cent owing to declines in global inflation.

Current economic indicators signal a strengthening of stability across the real, fiscal and external sectors. GDP growth is on the rise, accompanied by a decline in inflation rates and a positive primary balance, indicative of the efficacy of recent fiscal consolidation efforts. Notably, agriculture has emerged as a significant driver of the 2023 to 2024 financial year's economic upturn, bolstered by government-led initiatives aimed at enhancing input supply and facilitating credit disbursements. Although the large scale manufacturing sector experienced a slight contraction, it has shown improvement compared to the preceding year. Fiscal measures have contributed to the growth of both tax and non-tax revenues, thereby maintaining a stable fiscal deficit. Additionally, improvements in the current account balance underscore a healthier external sector, propelled by favourable trade balances and increased foreign direct investment. Looking ahead, Pakistan's economic outlook appears promising, with gradual improvements in industrial activities, a downward trend in inflation and stability in the external sector. The economy is poised to gather momentum.

## Endnotes

- 1 [https://www.wto.org/english/tratop\\_e/adp\\_e/adp\\_e.htm](https://www.wto.org/english/tratop_e/adp_e/adp_e.htm). ^ [Back to section](#)
- 2 Article 11.2 of the WTO Anti-Dumping Agreement. ^ [Back to section](#)
- 3 Reported as 2023 LHC 484. ^ [Back to section](#)

- 4 <https://finance.gov.pk/updates.html>. ^ [Back to section](#)
- 5 <https://www.adb.org/publications/asian-development-outlook-april-2024>. ^ [Back to section](#)



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