

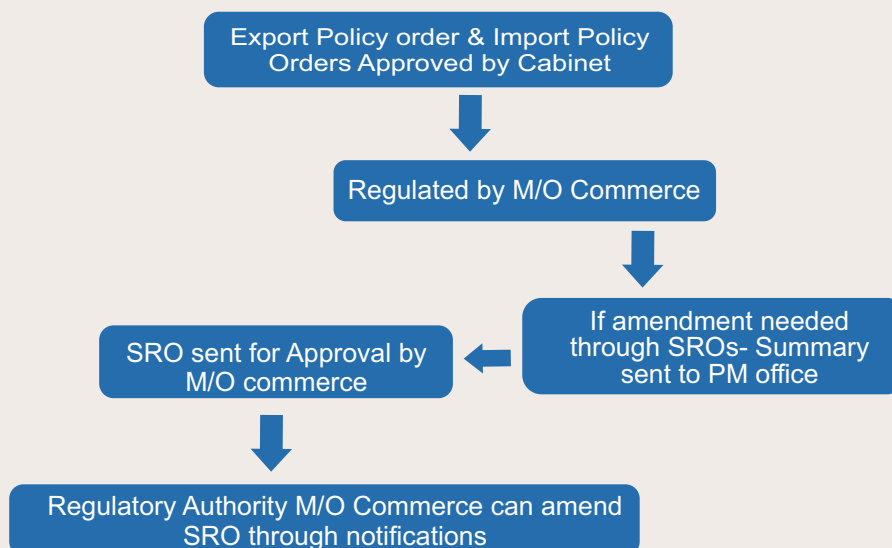
Uzma Zia



Why SROs Seem Quite the Brainteaser for Pakistan's External Sector

The philosophy of the Statutory Regulatory Orders (SROs) has become deeply entrenched in Pakistan's trade sector because of the legislative powers delegated by Cabinet through laws. Ideally, the government limits the use of SROs to framing rules and procedures for implementing a law. SROs are introduced by the procedures necessary to complete a process, and an administrative body prepares them to ensure that the law and regulations apply fairly to all parties.

The Ministry of Commerce regulates the imports and exports of goods in Pakistan. Under section 3 of the Imports and Exports (Control) Act, 1950, the Government may prohibit, restrict, or control imports and exports. The Commerce Ministry regulates this through Import Policy Orders and Export Policy Orders, amending them from time to time through notifications / Statutory Regulatory Orders (SROs). It is important to note that unless the Commerce Ministry so notifies it, importing is not allowed.



The Government can prohibit or restrict imports by notification (Customs Act, section 16), and ban imports from all or any source if considered in the “public interest”. The Ministry of Commerce's annual Import Policy Order contains such measures. It restricts certain imports unless they meet specified conditions, such as prior approval or clearance, passing certain testing arrangements, or satisfying procedural requirements. It updates the Import Policy Order list of prohibited imports during the year, at the request of the affected Ministry/Department/Group



SROs Regulatory Framework

Each year many SROs are made and numbered consecutively, e.g. S.R.O 52-1-2019. The Printing Press of Pakistan publishes SROs individually and in annual volumes, all available on demand. The SRO regulatory structure, allowing a visual understanding of an SROs approval in Pakistan's trade sector. In Pakistan's trade sector, the Ministry of Commerce issues SROs from time to time to make amendments in their already written procedures. Similarly, at times SROs can be beneficial or harmful for trade sector, businesses and society. In view of this we present some observations here:

Imposing or lifting ban on imports or exports

To bring any changes in current decisions, SROs are applicable after the issuance of policy orders. Imposing or lifting ban on imports or exports for any reason which has lost support requires issuing SROs, amendments in the Export Oriented Units and Small and Medium Enterprises Rules, imposing ban on something (machinery, medicines, harmful arms, chemicals) suspension of trade ties with any one country due to some specific reason

Unjustifiable discrimination in trade related issues

Abolition of SRO can be sometimes costly, and may create unjustifiable discrimination in trade related issues. Domestic industry may get affected too which was responsible to supply inputs to exporting units. In fact, the burden is born by the industry as a whole.

Internal economic distortions:

Sometimes SRO culture is harmful and may cause internal economic distortions, especially when two different tariff rates end up applying to the same imported product. Since July 2006, because of some SROs, tariffs on several products were outstretched above the normal Regulatory Duty. Such situations may bring in invoicing issues.

Specifically designed to benefit trade sectors or for trade of specific products

They mostly give exemptions in the form of SROs, designing them to benefit specific trade sectors or promoting trade of specific products. These SROs permit modifications in tax rates at the time of import

Import of goods regulated due to any reason

Import of goods from any of the countries is regulated or

prohibited due to some policy reason, harmful effects on health or life, defense and strategic purpose as notified by the Ministry of Commerce, Government of Pakistan.

Measures taken for health, safety, security, and environmental reasons

They take most measures for health, safety, security, and environmental reasons (they include imported second-hand specialized vehicles, ships, trawlers, aircraft and related parts, and equipment). We have shed some light on the intricacy of SRO mechanism starting from regulatory structure, choosing to do amendments in import or export policy order, giving favors, damaging business, deciding high or low tariffs, and discrimination. Multiple, complex outcomes are present in a single SRO box, making them quite the brainteaser for our trade sector.

