

# Pakistan Economy

## FBR raises Regulatory Duties to promote Import Substitution

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- Federal Board of Revenue (FBR) has issued a new SRO named as “S.R.O. 640 (I)/2018”, where Regulatory Duty (RD) on various items increased by 2-10% to curb imports and promote import substitution. This new SRO (640-2018) is in supersession of earlier SRO 1035(I)/2017.
- Among all items, RD on glass items (Float Glass & Other Glass) is imposed up to 10%, where import value of these items (PCT code wise) ranges from US\$10mn to US\$50mn. By this move, we believe locally listed companies like Tariq Glass (TGL), and Ghani Glass (GGL) would stand out as major beneficiaries.
- Among other items, duties on Mineral waters, Calcium Carbide, Hydrogen per oxide, Razors, Safety Blades and Chlorodifluoromethane are increased by 5-10%. However, RD on Sulphonic acid is reduced from 20% to 10%.
- To note, import duties on Yarn, PVC resin, and steels products remained unchanged.
- The revenue measures of these additional duties is reported at around Rs25-28bn. However, we do not expect this measure to significantly curb country imports.

# Key Changes in SRO

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Description	SRO 1035-2017	SRO 640-2018	Change	Import Value FY17 US\$000's	Major Beneficiaries
Float Glass /Others	0%	10%	10%	~50,000	Tariq Glass/ Ghani Glass
Razors/Safety Blades	15%	20%	5%	11,757	Treet Corp.
Hydrogen Per Oxide	0%	5%	5%	5,136	Descon Oxychem
Calcium Chloride	0%	5%	5%	822	Ittehad Chemicals
Mineral Water	20%	30%	10%	206	Nestle, Murree Brewery
Carbon Di Oxide	0%	5%	5%	67	Ghani Gases

Source: FBR, Topline Research

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