

KARACHI:

The Pakistan Business Council (PBC), a private sector business policy advocacy forum, has urged the government to continue providing protection to manufacturing and export industries through the Fifth Schedule of the Customs Act.

The likely withdrawal of the Fifth Schedule may cause higher inflation in the country, according to a statement issued by PBC on Friday.

The Fifth Schedule of the Customs Act, which was introduced in 2013, was aimed at providing protection to domestic manufacturers and export industries by assuring them concessionary tariffs under stringent conditions.

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“Eliminating the Fifth Schedule will lead to higher inflation by impacting the cost of domestic manufacturing,” PBC Chief Executive Officer Ehsan Malik said in the statement.

The manufacturing sector represents 12.1% of the gross domestic product (GDP) in Pakistan but carries 58% of tax burden.

The rate of growth of manufacturing in Pakistan is half compared to that of India, Bangladesh and Sri Lanka.

Investment level of the country is also well below its South Asian peers.

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“This is the time when the industry needs to invest in capacity and gear up for exports. Withdrawal of the Fifth Schedule will lead towards contradiction of these national objectives,” he said.

The PBC requested Adviser to Prime Minister on Finance Abdul Hafeez Shaikh not to be swayed by short-term revenue measures, which were likely to cause irreparable damage to the manufacturing sector and result in reduction of Federal Board of Revenue collections along with increased unemployment.