

Zia government coming began a series of steps to liberalize the trade regime, by reducing the number of banned goods and lifting other restrictions. Most non-tariff barriers, which had been imposed after the oil shock and foreign exchange stringency in the 1970s, were also removed. Between 1977-1983 the number of items on free list was increased. In 1977 the free list contained 438 items, by 1982/3 91 items had been added.

In 1980, Pakistan import regime reached its most restrictive stage about 41% of the domestic industrial value added was protected by import bans and another 22% by various form of import restrictions. While tariff and import duty, adjustments were a repeated occurrence in the 1980s, some measure were taken to boost exports, included export rebates, concessionary credit for exports and income tax and import facilities for exporters. In 1986 nominal tariff rates for manufacturing industries were still among the highest in the world. Comprehensive measures were made in trade regime, where tariff slabs were reduced from seventeen to ten. The largest proportionate decline was in capital goods, the average tariff was fell from 61 to 51%. 84% of the consumer goods carry custom duties more than 75%. By 1988 world bank felt that the trade regime that existed then still seems to be biased in the favor of import substituting production.