Main policy measures consisted of improving the tariff structure, reducing the number of items in banned list and restricted list. Tariff rates were decreased for a total of 1134 items and increased for 462 items.

Under the first structural adjustment program began in 1988. The major components of the agreement with the IMF which related to foreign trade were as follow:

i) Removal of non-tariff barriers, with the objective of the reducing the number of banned commodities from 400 to 80.

ii) Reduction of maximum tariff from 125% in 1989 to 100% in 1991

iii) Replacing the previous uniform income tax rebate system with encourage high valued exports

One of the most important policies undertaken by the government was initiated in 1991, Pakistanis were allowed to open foreign currency deposit accounts (FCD). Banks paid high interest rates to these deposits. Foreign currency deposit increased from $1.6 billion in 1988 to $8.5 billion in 1996

At the end of 1988 structural adjustment program, the world bank suggested the government of Pakistan should take trade policy measures. these measures included:

i) Removal of all remaining non-tariff barriers to imports

ii) Removal of import tax exemption

iii) Reduction in the custom duties

iv) Removal of license fee

v) Elimination of export taxes

vi) Extension of the sales tax to import of all manufactured goods

In the light of these and other recommendation, the government in 1993 announced a new trade reform package, main features are given below:

i) Maximum tariff level will be set at only 35% or 50%

ii) Tariff reduction will be phased in gradually over a three-year period

iii) Many concessions and exemptions present in existing tariff regime will be withdrawn gradually

iv) Tariff on machinery and equipment will be 10% unless this machinery produced locally.

v) High priority domestic industries will receive nominal protection of 50%

vi) Raw material and intermediate goods used for the production of exports would be subjected to zero duty

vii) Existing import license fee, flood relief surcharge will be merged with the statutory tariff rates.

viii) Locally produced goods will be subjected to higher tariff rates compare to goods not produced domestically.

54% of the federal revenue in 1922/3 came from import taxes. 45% of the total imports were no longer subject to any duty. These suggestions are different to those proposed by the world bank, which believed that with regard to the phasing of the proposed reform package, international experience shows that a speedy process is feasible and has strong advantages.