

# Packaging Sector of Pakistan

## Introduction:

The packaging industry is one of the leading and creative sectors of Pakistan as it works as the major backbone to fulfill export oriented and domestic industries requirement. Packaging industry is the 5th largest industry of Pakistan after textile, and is the second-largest industry in South Asia after India.

All types of packaging materials and products such as paper, cardboard, wrapping film, tape, plastics, glass, metal and wood are being manufactured in Pakistan.

Over the last few years has seen an increase in terms of innovations and environment friendly production. New technologies are being used to process the main materials in order to allow the utilization of packaging according to the product's physical and chemical properties.

## HS Code for Packaging Sectors:

Code	Product label
<b>TOTAL</b>	All Packaging products
<b>3920</b>	Plates, sheets, film, foil and strip, of non-cellular plastics, not reinforced, laminated, . . .
<b>6305</b>	Sacks and bags, of a kind used for the packing of goods, of all types of textile materials
<b>4811</b>	Paper, paperboard, cellulose wadding and webs of cellulose fibres, coated, impregnated, covered, . . .
<b>7612</b>	Casks, drums, cans, boxes and similar containers, incl. rigid or collapsible tubular containers, . . .
<b>3923</b>	Articles for the conveyance or packaging of goods, of plastics; stoppers, lids, caps and other . . .
<b>7310</b>	Tanks, casks, drums, cans, boxes and similar containers, of iron or steel, for any material . . .
<b>4819</b>	Cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding . . .
<b>7010</b>	Carboys, bottles, flasks, jars, pots, phials, ampoules and other containers, of glass, of a . . .
<b>4821</b>	Paper or paperboard labels of all kinds, whether or not printed
<b>3921</b>	Plates, sheets, film, foil and strip, of plastics, reinforced, laminated, supported or similarly . . .
<b>4805</b>	Other paper and paperboard, uncoated, in rolls of a width > 36 cm or in square or rectangular . . .
<b>4415</b>	Packing cases, boxes, crates, drums and similar packings, of wood; cable-drums of wood; pallets, . . .
<b>4823</b>	Paper, paperboard, cellulose wadding and webs of cellulose fibres, in strips or rolls of a . . .
<b>3919</b>	Self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether . . .
<b>4808</b>	Corrugated paper and paperboard "with or without glued flat surface sheets", creped, crinkled, . . .
<b>7309</b>	Reservoirs, tanks, vats and similar containers, of iron or steel, for any material "other than . . .
<b>4817</b>	Envelopes, letter cards, plain postcards and correspondence cards, of paper or paperboard; . . .
<b>8309</b>	Stoppers, caps and lids, incl. crown corks, screw caps and pouring stoppers, capsules for bottles, . . .
<b>4806</b>	Vegetable parchment, greaseproof papers, tracing papers and glassine and other glazed transparent .
<b>4807</b>	Composite paper and paperboard "made by sticking flat layers of paper or paperboard together . . .
<b>7613</b>	Aluminium containers for compressed or liquefied gas
<b>4416</b>	Casks, barrels, vats, tubs and other cooperers' products parts thereof, of wood, incl. staves

## Types of Packaging:

Packaging is an essential component of the manufacturing, supply and distribution processes.

It is used across a wide variety of industries for a range of different roles. Following are major types of packaging:

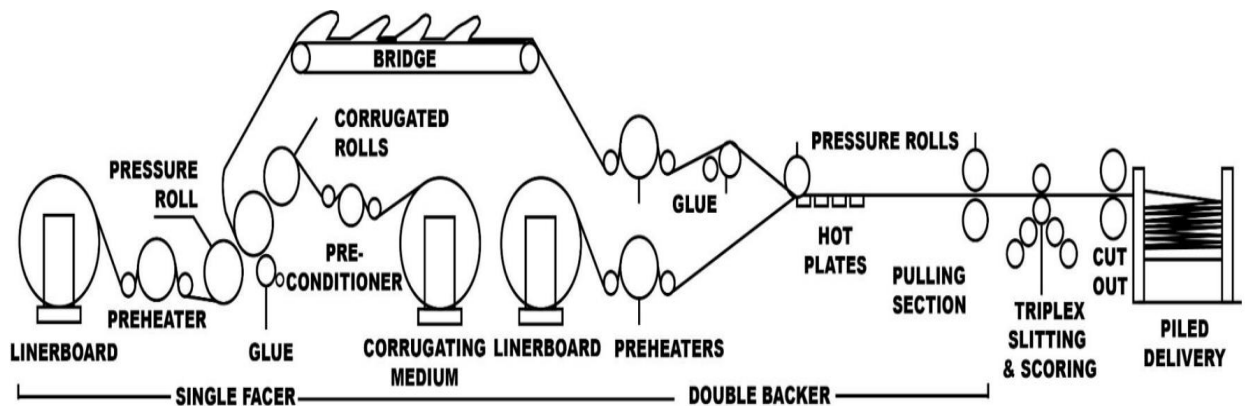
### 1. Plastic /Flexible Packaging:

The sector contains PET Bottles and BOPET, CPP, BOPP Films. The size of the PET segment is estimated to be PKR 42,723mln in FY20 as compared to PKR 34,028mln in FY19 (Flexible Packaging Association). 40-50% raw material are being imported, (PET, BOPP, Aluminum Foil from Saudi Arabia, Oman, UAE, China and Europe)

### 2. Corrugated & other Packaging

This type includes cartons, corrugated boxes, bags and paper sacks.

## BSP Kasur - Corrugated Packaging



### 3. Environment friendly Packaging:

Eco-friendly packaging is any packaging that's easy to recycle, safe for individuals and the environment, and is made out of recycled materials. It uses materials and manufacturing practices with minimal impact on energy consumption and natural resources. Also known as sustainable or green packaging, indicate newer trends in packaging industry and use nature friendly materials like corn starch, bagasse paper.

## Allied Industries and Customer Base:



## Trade Statistics:

### Top Export Destinations from Pakistan:

Unit : US Dollar thousand

Importers	Exported value in 2016	Exported value in 2017	Exported value in 2018	Exported value in 2019	Exported value in 2020
World	193,134	215,809	167,699	195,072	180,920
Afghanistan	17,528	14,824	19,501	54,104	33,106
South Africa	8,207	7,290	5,097	6,722	20,844
United States of America	10,289	11,178	11,123	14,117	19,026
United Arab Emirates	6,787	6,334	4,065	7,434	9,953
Germany	3,916	6,358	5,491	7,217	8,479
United Kingdom	6,918	5,625	7,182	7,132	6,800
Italy	3,903	2,148	1,674	7,925	5,997
Sri Lanka	5,189	6,374	2,227	3,644	5,719
Thailand	14,489	10,966	3,094	3,147	5,204
Canada	479	708	917	1,192	5,042

## Government support:

### Anti-dumping duties:

The government has imposed anti-dumping duty on the import of tinplate from China, South Africa, EU & USA which has provided some protection to local manufacturer. However, application of anti-dumping duty on the raw material, CRC, has further damaged competitiveness by increasing costs. Moreover, alternate sources of raw material are not reliable in terms of quality

The government is providing protection to local manufacturers through the imposition of significant customs and regulatory duties on the import of finished packaging goods. With respect to income tax, the industry is under Normal Tax Regime (NTR). Further, minimum tax @ 1.5% of turnover is applicable if tax liability under NTR is lower than minimum tax. However, the additional tax paid under minimum tax is adjustable against future tax liabilities for next 5 years. In addition, sales tax of 17% is also applicable.

PCT Code	Description	Additional Custom Duty		Custom Duty		Regulatory Duty		Total	
		FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19
<b>Raw Materials</b>									
72.09	Flat- rolled products of iron or non- alloy steel, of a width of 600 mm or more, cold- rolled (cold- reduced), not clad, plated or coated.	2-7%	0%	11-20%	11-20%	5%	5%	18-32%	16-25%
39.01	Polymers of ethylene, in primary forms	2%	0%	11%	11%	0%	0%	13%	11%
47.01-47.05	Wood Pulp (Mechanical, Chemical & Other)	2%	0%	0%	3%	0%	0%	2%	3%
<b>Finished Goods</b>									
48.19	Cartons, boxes, cases, bags and other packing containers, of paper, paperboard	7%	0%	20%	20%	0%	0%	27%	20%
39.23	Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics.	7%	0%	20%	20%	15%	15%	42%	35%
3923.901	Preforms made from polyethylene terephthalate	4%	0%	16%	16%	15%	15%	35%	31%
8007.001	Tin Plates, Sheets or Strips	2%	0%	11%	11%	0%	0%	13%	11%

### Recommendations:

20% Customs duty and 7 % additional duty on raw material (total 27%) (BOPP/ BOPET/ CP/PVC and Aluminium Foil) is applied.

Rationalization of the tariff structure, Tariff Escalation to be observed to make available cheaper raw material and boost value-addition / local industry manufacturing and exports