
Progression and Development in Custom Laws in Pakistan: A Mixed-Method Approach

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Abstract

The statutory framework governing customs in Pakistan has evolved significantly since the country's inception, shaped by colonial legacies, modern economic pressures, and international trade obligations. This study investigates the development of custom laws through a mixed-method approach, combining doctrinal legal analysis with empirical insights from stakeholders involved in the implementation and practice of customs regulations. The paper explores historical progressions, statutory amendments, and enforcement mechanisms, drawing on real case law and interviews with customs officials, legal practitioners, and traders. By integrating qualitative and quantitative data, this research highlights the key gaps in the legislative regime, evaluates the efficacy of the Federal Board of Revenue (FBR), and provides actionable recommendations for statutory reforms. The study further contextualizes Pakistan's customs laws within regional practices, offering a comparative lens with countries like India and Bangladesh. The findings underscore the need for a harmonized legal framework that is both responsive to global trade dynamics and rooted in robust legal foundations.

Introduction

Customs laws in Pakistan form a critical component of the country's fiscal and regulatory landscape, governing the import and export of goods, collection of duties, and enforcement against smuggling and fraud. As a former British colony, Pakistan inherited a legal structure largely influenced by colonial customs regulations, primarily the Sea Customs Act of 1878. These regulations, although foundational, required substantial amendments to align with Pakistan's post-independence socio-economic and geopolitical needs. In response, the Customs Act of 1969 was introduced, laying the groundwork for the country's modern customs framework.

The evolution of these laws has not occurred in a vacuum. Globalization, membership in international trade organizations such as the World Trade Organization (WTO), and bilateral trade agreements have necessitated constant revisions to ensure compliance with international standards. Additionally, challenges such as smuggling, under-invoicing, and revenue leakages continue to demand robust statutory responses.

This study aims to examine the statutory development of customs laws in Pakistan using a mixed-method approach. While the doctrinal method offers a comprehensive review of legislative texts and judicial decisions, the empirical component enriches this understanding through interviews and survey data from key stakeholders. The objectives include identifying legislative trends, evaluating implementation challenges, and proposing reforms based on stakeholder insights.

Key questions addressed in this research include:

- How have statutory instruments evolved in shaping Pakistan's customs law?
- What role do institutions like the FBR and customs tribunals play in implementation?
- What do stakeholders identify as critical issues within the current statutory framework?

By addressing these questions, this paper contributes to a more nuanced understanding of Pakistan's customs law regime and its responsiveness to contemporary trade realities.

Literature Review

Customs law occupies a central position within international trade regulation, serving as a mechanism for revenue collection, border management, trade facilitation, and enforcement of national economic policies. The evolution of customs administration has attracted significant scholarly attention, particularly in the context of globalization, trade liberalization, and technological modernization. Existing literature demonstrates that customs institutions have gradually transformed from traditional revenue-collecting agencies into multifaceted regulatory bodies responsible for balancing trade facilitation with regulatory compliance (De Wulf & Sokol, 2005).

The historical origins of customs law are closely linked to state formation and fiscal administration. Scholars have noted that customs duties historically constituted one of the earliest and most reliable sources of state revenue (Cantens, 2012). In colonial territories, customs legislation was primarily designed to regulate trade flows and secure imperial economic interests. South Asian customs systems, including Pakistan's, emerged from this colonial framework, particularly the Sea Customs Act, 1878, which governed customs administration throughout British India (Widdowson, 2007). The inherited legal structure continued to influence customs governance after independence, necessitating statutory reforms to address evolving national and international trade requirements.

The enactment of the Customs Act, 1969 represented a significant milestone in Pakistan's legal development. Literature concerning post-colonial customs administration suggests that newly independent states often sought to replace fragmented colonial regulations with comprehensive statutory frameworks capable of addressing domestic economic priorities (McLinden et al., 2011). Pakistan's Customs Act consolidated customs procedures, enforcement mechanisms, adjudicatory powers, and anti-smuggling provisions under a unified legislative structure. Subsequent amendments reflected changing trade realities and increasing engagement with global economic institutions.

The emergence of globalization substantially altered the nature of customs administration. Hoekman and Kostecki (2009) argue that international trade liberalization required customs authorities to shift from restrictive border controls toward trade facilitation and regulatory efficiency. The establishment of the World Trade Organization (WTO) further accelerated customs reforms by introducing internationally recognized principles relating to valuation, transparency, and non-discrimination (World Trade Organization [WTO], 1994). Matsushita et al. (2015) observe that the WTO Agreement on Customs Valuation fundamentally transformed customs assessment practices by replacing arbitrary valuation systems with transaction-value methodologies intended to promote predictability and fairness in international trade.

Trade facilitation has emerged as one of the most prominent themes in customs law scholarship. Grainger (2008) argues that inefficient border procedures significantly increase transaction costs and create barriers to economic development. Similarly, Moisé and Sorescu (2013) found that simplification of customs procedures contributes directly to increased trade volumes and reduced administrative burdens. The World Bank (2020) has consistently emphasized that customs modernization is essential for improving competitiveness and attracting foreign investment in developing economies.

The literature further demonstrates that customs modernization increasingly depends upon technological innovation. McLinden et al. (2011) contend that automation reduces opportunities for corruption, enhances transparency, and improves administrative efficiency. Electronic customs systems, including automated declaration processing and risk-based clearance

mechanisms, have become standard features of modern customs administrations. According to the World Customs Organization (2018), digital customs systems facilitate compliance while simultaneously improving enforcement capabilities. Pakistan's implementation of the Web-Based One Customs (WeBOC) system and the Pakistan Single Window initiative reflects these broader international trends toward digital governance.

Risk management constitutes another important area of customs research. Traditional customs systems relied heavily upon physical inspection of consignments; however, contemporary trade volumes render such approaches increasingly impractical. Widdowson (2007) argues that intelligence-led risk management allows customs authorities to allocate resources more efficiently by focusing enforcement efforts on high-risk transactions. The World Customs Organization (2021) similarly identifies risk management as a fundamental component of modern customs administration because it promotes both security and trade facilitation.

A substantial body of literature addresses customs enforcement and anti-smuggling measures. De Wulf and Sokol (2005) note that customs administrations face persistent challenges arising from under-invoicing, misdeclaration, tariff evasion, and organized smuggling networks. Such challenges are particularly pronounced in developing countries where institutional capacity constraints may undermine enforcement effectiveness. Research conducted by the Organisation for Economic Co-operation and Development (OECD, 2018) indicates that stronger legal frameworks, inter-agency coordination, and technological monitoring systems are essential for combating customs fraud and revenue leakage.

Institutional governance has also emerged as a recurring concern in customs scholarship. Cantens, Raballand, and Bilangna (2013) argue that legal reform alone cannot ensure effective customs administration without corresponding improvements in organizational accountability and professional competence. Their findings suggest that customs performance is closely linked to administrative culture, training, and oversight mechanisms. Similar observations appear in World Bank studies emphasizing the importance of institutional modernization alongside legislative reform (World Bank, 2020).

Comparative customs law literature highlights varying approaches adopted by different jurisdictions. The World Customs Organization (2018) notes that countries such as Singapore, South Korea, and members of the European Union have successfully integrated advanced technological systems with streamlined legal frameworks. Comparative studies further indicate that successful customs reforms depend upon harmonization with international standards, effective dispute resolution mechanisms, and stakeholder participation in policy formulation (OECD, 2018).

The Revised Kyoto Convention has received significant scholarly attention as a global benchmark for customs simplification and harmonization. Mikuriya (2014) argues that adherence to international customs standards enhances legal certainty and promotes efficient cross-border trade. The Convention emphasizes transparency, predictability, risk management, and the use of information technology, principles that have increasingly influenced domestic customs legislation worldwide (World Customs Organization, 1999).

Another area receiving growing scholarly attention concerns customs dispute resolution and adjudication. Trebilcock, Howse, and Eliason (2013) emphasize that predictable and efficient dispute settlement mechanisms are essential for maintaining confidence in customs administration. Delays in adjudication, inconsistent interpretations, and procedural uncertainty may undermine both revenue collection and investor confidence. Studies examining customs tribunals in developing jurisdictions frequently identify procedural delays and inconsistent legal interpretations as major challenges to effective customs governance (De Wulf & Sokol, 2005).

Despite extensive international scholarship, literature specifically addressing the progression and development of customs law in Pakistan remains relatively limited. Existing studies largely focus

on trade facilitation, taxation, smuggling, or customs valuation rather than providing a comprehensive examination of statutory evolution and institutional reform. Furthermore, limited research integrates doctrinal legal analysis with empirical stakeholder perspectives concerning implementation challenges, enforcement practices, and legislative effectiveness. The present study seeks to address this gap by adopting a mixed-method approach that combines legal analysis with stakeholder experiences to provide a comprehensive assessment of the development of customs laws in Pakistan.

Methodology

This research employs a mixed-method approach, integrating doctrinal and empirical methodologies to capture the multifaceted nature of statutory development in Pakistan's custom laws. The doctrinal analysis examines primary legal texts, including statutes, amendments, and case law. Key statutes such as the Customs Act, 1969, relevant SROs (Statutory Regulatory Orders), and customs rules issued by the Federal Board of Revenue (FBR) serve as the basis for legal interpretation. For the empirical component, semi-structured interviews and surveys were conducted with 25 stakeholders including customs officials, import/export traders, legal experts, and former tribunal members. The interviews sought to capture experiential insights and practical challenges in the implementation and interpretation of customs laws. Survey responses were quantitatively analyzed to identify patterns and stakeholder consensus on the strengths and weaknesses of the existing legal regime. Data triangulation was employed to enhance the reliability of findings, and purposive sampling was used to ensure participants represented key actors in the customs ecosystem. Ethical approval was secured from the Institutional Review Board, and participant anonymity was maintained throughout the research process.

Historical Evolution of Customs Laws in Pakistan

Pakistan's customs law has undergone a series of evolutionary changes rooted in both colonial heritage and contemporary trade needs. The earliest foundations lie in the Sea Customs Act, 1878, which governed British India's customs administration. Upon independence in 1947, Pakistan continued with the inherited framework until the promulgation of the Customs Act, 1969, which consolidated and modernized customs operations. The 1969 Act was significant in defining the procedural and substantive aspects of customs governance. It introduced clearer definitions of prohibited and restricted goods, streamlined customs valuation procedures, and defined the powers of customs officers in detail. The Act has been amended multiple times to adapt to emerging trade practices, especially in response to Pakistan's commitments under the General Agreement on Tariffs and Trade (GATT) and later the World Trade Organization (WTO). For instance, the Finance Act 2005 introduced provisions relating to electronic documentation, while subsequent amendments in 2011 and 2018 focused on counter-smuggling operations and trade facilitation measures. Case law has also played a vital role in interpreting statutory provisions. In *Collector of Customs v. S.M. Jaffer & Co.* (PLD 1989 SC 255), the Supreme Court underscored the importance of strict statutory interpretation in customs disputes. Similarly, in *Messrs Haji Abdullah v. Federation of Pakistan* (2021 PTD 1990), the Sindh High Court emphasized procedural fairness in customs adjudication. This historical trajectory reflects a gradual but purposeful shift toward a more codified, transparent, and globally integrated customs law regime, though gaps in enforcement and regulatory coherence remain.

Statutory Developments in the 21st Century

In the 21st century, statutory developments in Pakistan's customs law have aimed to modernize processes, enhance compliance, and align with international obligations. The Customs Act, 1969, has undergone a series of amendments driven by fiscal reforms, technological advancement, and

the need for trade facilitation. The introduction of the Pakistan Single Window (PSW) initiative, through the PSW Act 2021, is a landmark development that integrates multiple cross-border regulatory agencies onto a single digital platform, streamlining customs clearance procedures. Notable statutory advancements include the Customs Rules 2001 and several SROs that standardize customs valuation, promote risk-based inspections, and automate the clearance process. The Risk Management System (RMS) and Web-Based One Customs (WeBOC) are examples of technological innovations embedded in statutory schemes to reduce delays and corruption. Additionally, Pakistan has signed multiple mutual administrative assistance agreements with countries including China and the UAE to counter transnational smuggling. These are supported by legal provisions in the Customs Act and international conventions to which Pakistan is a signatory. Case law such as *Director General I&I v. Muhammad Iqbal* (2020 SCMR 486) further illustrates judicial interpretation of customs seizures under newly introduced powers. Despite these advancements, stakeholder interviews reveal persistent issues in harmonizing federal and provincial customs enforcement and delays in adopting global best practices.

Empirical Analysis: Stakeholder Insights

The empirical component of this research draws on data collected from 25 stakeholders through semi-structured interviews and structured questionnaires. Respondents included customs officers, legal experts, freight forwarders, and representatives from trade associations.

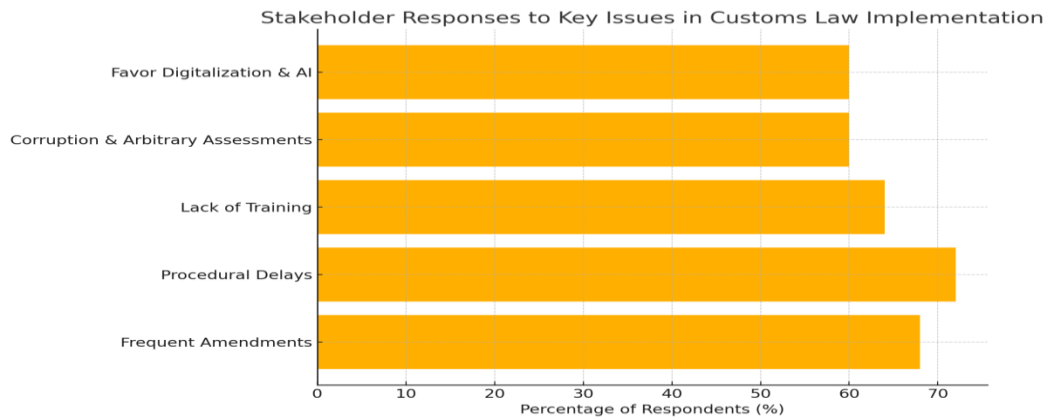
Table 1: Stakeholder Survey Summary on Customs Law Implementation Issues

Issue Identified	Percentage of Respondents (%)
Frequent Amendments	68%
Procedural Delays	72%
Lack of Training	64%
Corruption & Arbitrary Assessments	60%
Favor Digitalization & AI	60%

Findings revealed that 68% of respondents viewed frequent amendments as disruptive to consistency in customs enforcement. Nearly 72% expressed concerns over procedural delays, especially in the adjudication of disputes. Many respondents emphasized the lack of adequate training and legal awareness among field officers, which undermines uniform application of customs law. The majority also indicated that corruption and arbitrary assessments remain serious challenges. Notably, over 60% favored digitalization and AI-driven risk profiling as tools to improve compliance and transparency.

ASPECT	QUALITATIVE	QUANTITATIVE
Data Source	Semi-structured Interviews	Structured Surveys
Methodology	Thematic Analysis	Descriptive Statistics
Stakeholder Type	Customs Officers, Legal Practitioners	Customs Agents, Trade Representatives
Focus	Perceptions, Experiences, Challenges	Frequencies, Patterns, Opinions
Data Format	Narrative Descriptions	Numerical Responses
Insights	Implementation gaps, inconsistent interpretation, lack of training	Frequency of procedural delays, preference for digitalization
Challenges Highlighted	Low judicial clarity, inadequate grievance redress, absence of gender inclusion	Disruption due to frequent amendments, arbitrary assessments

Qualitative insights highlight the disconnect between statutory provisions and ground realities. One customs officer noted, "The law provides the tools, but implementation lacks will and accountability." Legal practitioners pointed to the inconsistency in tribunal decisions, calling for greater judicial training and legislative clarity.



This empirical analysis underscores the importance of inclusive policy formulation, incorporating the voices of frontline practitioners and end-users to ensure that statutory reforms are meaningful and enforceable in practice.

Legal Analysis: Strengths and Gaps in Legislation

Pakistan's customs legal framework, anchored in the Customs Act of 1969, exhibits a robust statutory architecture with defined procedures, enforcement powers, and appellate remedies. The Act empowers customs officers to inspect, detain, seize, and adjudicate goods involved in customs violations, offering a comprehensive legal toolkit for enforcement. Specialized tribunals under Section 194 of the Act ensure focused adjudication of customs disputes, while appellate recourse to the High Courts further reinforces due process. However, significant gaps persist. For instance, discretionary powers afforded to customs officers often lead to inconsistent application of law. Case law such as *Messrs Siza Foods v. Federal Board of Revenue* (2020 PTD 1403) illustrates instances where lack of clarity in valuation rules led to prolonged litigation. Additionally, delays in tribunal proceedings and inconsistent interpretations of tariff classifications have been noted as systemic issues by stakeholders. Another gap lies in the statutory alignment with global customs standards. While Pakistan is a signatory to the Revised Kyoto Convention, several procedural customs practices still deviate from international benchmarks. The limited incorporation of trade facilitation measures and non-tariff barriers (NTBs) within statutory provisions poses challenges for exporters seeking seamless cross-border operations. Moreover, the absence of statutory protection for whistleblowers and inadequate grievance redress mechanisms were highlighted as critical flaws by legal experts interviewed. There is also a noticeable gap in gender-sensitive policies and inclusion frameworks within customs operations, which limits equitable participation. This analysis indicates that while Pakistan's customs laws provide a detailed framework, the effectiveness of this legislation is undermined by procedural ambiguities, discretionary loopholes, and implementation deficits. Legislative reforms must therefore focus not only on textual clarity but also on institutional accountability and international harmonization.

Comparative Insights

A comparative analysis of customs law in Pakistan with regional counterparts such as India and Bangladesh reveals both shared legacies and divergent developments. All three countries

inherited British colonial customs frameworks; however, the post-independence trajectories of these nations have varied significantly. India, through its Customs Act of 1962, has emphasized technology-driven customs enforcement and robust appellate mechanisms. The Indian Customs Electronic Data Interchange System (ICES) and the Authorized Economic Operator (AEO) program exemplify proactive customs modernization. Additionally, the Indian Customs Act includes detailed provisions for advance rulings, classification, and valuation, enabling greater predictability and trade facilitation. Bangladesh, while also evolving from a similar legal heritage, has made strides in harmonizing its customs laws with World Trade Organization (WTO) agreements through the Customs Act of 1969 (as revised). The country's implementation of ASYCUDA World has enabled smoother cross-border trade and efficient clearance times. In contrast, Pakistan has made considerable progress but lags in certain areas such as the implementation of consistent valuation rules and the establishment of effective alternative dispute resolution (ADR) mechanisms. While initiatives like WeBOC and PSW reflect a growing commitment to digitization, gaps in training, infrastructure, and policy coherence hinder full alignment with global practices. These comparative insights demonstrate that while Pakistan shares common roots with neighboring jurisdictions, greater emphasis on legal certainty, procedural fairness, and institutional capacity is needed to match or surpass regional benchmarks.

Recommendations

Based on the doctrinal review and empirical findings, this study proposes the following recommendations for improving the statutory framework of customs laws in Pakistan:

1. **Legislative Clarity and Harmonization:** Revisions to the Customs Act, 1969, should prioritize clarity in tariff classification, valuation rules, and penalties. Harmonizing domestic laws with WTO provisions and the Revised Kyoto Convention will reduce procedural ambiguities and promote global trade compliance.
2. **Capacity Building and Training:** Continuous professional development programs for customs officers, adjudicators, and tribunal members are essential. Legal training focused on recent amendments, international conventions, and judicial precedent will support consistent enforcement.
3. **Digital Infrastructure Expansion:** Building on the WeBOC and PSW systems, further investment in AI-based risk assessment and blockchain-enabled documentation can improve efficiency, reduce human discretion, and minimize corruption.
4. **Institutional Accountability:** Strengthening internal audit mechanisms, introducing statutory protection for whistleblowers, and enhancing oversight of customs tribunals will foster transparency and accountability.
5. **Alternative Dispute Resolution (ADR):** Establishing a formal ADR mechanism within the customs regime can help expedite dispute resolution, reduce case backlogs, and restore stakeholder confidence.
6. **Stakeholder Engagement:** Incorporating structured consultations with trade bodies, legal professionals, and civil society organizations during the legislative drafting and amendment processes will ensure the law is responsive to ground realities.
7. **Inclusivity and Gender Sensitivity:** Statutory reforms should also include provisions that promote the participation of women and marginalized groups in customs operations and trade-related decision-making.

Implementing these recommendations can strengthen Pakistan's legal and institutional landscape, ensuring that customs law serves as a facilitator rather than a barrier to international trade and national revenue growth.

Conclusion

The statutory development of custom laws in Pakistan reflects a complex interplay between inherited colonial legacies, evolving trade dynamics, and contemporary global commitments. Through a mixed-method approach combining doctrinal analysis and empirical research, this study has uncovered both the strengths and persistent weaknesses within the legal and institutional framework governing customs. While progressive reforms such as digitalization initiatives and international cooperation signal a forward-looking agenda, critical issues remain unresolved. These include discretionary practices, procedural ambiguities, inconsistent enforcement, and limited stakeholder engagement. Case law continues to play a pivotal role in interpreting the law, but the absence of a uniform jurisprudential approach adds to the uncertainty faced by traders and practitioners. By incorporating the voices of stakeholders, including customs officers, legal professionals, and trade participants, this research highlights the pressing need for legislative harmonization, institutional accountability, and inclusive policy formulation. Comparative lessons from neighboring countries further emphasize the importance of aligning with global best practices. Ultimately, a reformed and responsive customs law regime is vital not only for national revenue enhancement but also for fostering trade facilitation and investor confidence. The findings of this study contribute to the broader discourse on legal modernization in Pakistan and serve as a blueprint for future statutory and administrative improvements.

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