

10th November, 2025

Mr. Bilal Azhar Kiyani
Minister of State for Finance & Railways
Head of Prime Minister Delivery Unit
Prime Minister Office
Government of Pakistan
Islamabad

Subject: Combating Illicit Trade in Pakistan

Dear Mr. Kayani,

Illicit trade has emerged as a critical challenge for Pakistan's economy, undermining formal businesses, eroding government revenues, and jeopardizing consumer safety. From smuggled petroleum and counterfeit pharmaceuticals to non-tax-paid cigarettes and under-invoiced consumer goods, illicit trade has entrenched itself across key sectors.

According to the 2025 Illicit Trade Index, Pakistan ranks 101 out of 158 countries, with a composite score of 44.5, placing it below the global average of 49.9. In contrast, the neighboring countries have fared well with China at 40th rank, India at 52nd, Sri Lanka at 73rd, and Bangladesh at 95th.

Prime Institute has highlighted this issue in our recent publication, “Combating Illicit Trade in Pakistan: A Structural and Policy Analysis” (2025), where we highlighted the extent of revenue losses from illicit trade in selected sectors. Various industry estimates suggest revenue loss of at least Rs 2 trillion every year on account of illicit trade.

We proposed the appointment of a National Coordinator to combat illicit trade and an inter-ministerial/agency coordination to align efforts across federal and provincial agencies and to ensure a unified national strategy against illicit trade. Such an institutional mechanism can play a pivotal role in closing enforcement gaps, reducing leakages, and promoting fair market competition. This has been also highlighted by the Transnational Alliance on Combating Illicit Trade (TRACIT), with which we do collaborative work, and it is a key factor in determining a country's rankings in the TRACIT 2025 Illicit Trade Index.

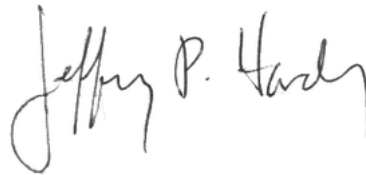
PRIME and TRACIT strongly believe in fostering collective action to address these challenges. We would welcome the opportunity to collaborate with your office in highlighting these issues, tracking progress on ongoing initiatives, and jointly formulating a roadmap to curb illicit trade and related economic crimes. In fact, we are now working on a policy brief to evaluate potential implications of government's measures to improve Pakistan's defense against illicit trade and, subsequently, improve its position on the TRACIT Index.

We believe in a collaborative approach in problem solving through research and advocacy. We look forward to continued engagement and stand ready to contribute to this important national effort. Please let us know when you are available for a meeting in the week of 17th November, so that we can update on our current research project on this issue and solicit your guidance.

Yours sincerely,



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