January 2018

NEWS COVERAGE PERIOD FROM JANUARY 29TH TO FEBRUARY 4TH 2017

EFFECTIVENESS OF NEW TRADE POLICY

Dawn, The Business and Finance Weekly, January 29th, 2018

Nasir Jamal

The government plans to share the draft of Pakistan's first 5-year trade policy — Strategic Trade Policy Framework (STPF) 2018/2023 — with the business community by the end of next month, a senior commerce ministry official told a consultative session with businessmen in Lahore last week.

The new trade policy, just like the three previous, similar 3-year strategic frameworks, will primarily focus on boosting the country's flagging exports.

Trade officials conceded that none of the previous strategic frameworks had come even close to meeting their targets because of wide implementation gaps, but expressed the hope the new trade policy will meet the goals being set to increase the shipments.

"We can push our exports above $36 billion in the next five years," insisted Nauman Aslam, director general trade policy at the Ministry of Commerce.

The present STPF 2015/2018 had set an ambitious export target of $35bn that was to be met by improving export competitiveness, transitioning a 'factor-driven' economy to 'efficiency-driven' and 'innovation-driven', and increasing the share in regional trade.

However, exports have declined by just below 16 per cent to $20.4bn in 2016/2017 from $23.6bn in 2014/2015. Exports have consistently been on the decrease from their peak of $25bn reached in 2011/2012.

Mr Aslam's optimism is based on an average monthly recovery of 11-12pc in exports since the beginning of the present fiscal after a consistent drop during the last three years. "…even if this pace of growth is maintained our shipments will increase to $36bn in the next five years. This is a very moderate growth. We have a lot of potential and can achieve a much higher (export) growth."

The new trade policy, Mr Aslam said, will focus on addressing investment gaps to create export surplus, gender mainstreaming and rationalisation of tariffs besides suggesting measures to raise export of services, improve export competitiveness, and diversify markets and products.

The government is also reviewing the unfavourable terms of its free trade agreements to gain greater market access for the country's goods. While Indonesia has already agreed to allow more rice from Pakistan, China is willing to create greater space for imports from Pakistan.

"Things will be different this time. We have extended the scope of the new strategic framework from three years to five years to ensure policy consistency and transparency. The longer period will allow us to review and tweak policy interventions mid-term."

His optimism notwithstanding, the credibility of the government delivering on its commitments remains very low as far as businesspeople are concerned. "Gaps in policy implementation remain a major issue. You cannot meet targets without implementing the policy," argued Quratul Ain Irfan, the vice president of a pharmaceutical company.

"Unfortunately, the Ministry of Commerce doesn't have enough resources or powers to implement incentives and interventions recommended in its trade policies… it is dependent on other ministries to deliver on its promises.

"The success of any short to long-term strategic framework cannot be guaranteed unless it incorporates input from all the relevant ministries, including industry, agriculture, planning, labour, finance, and so on. Additionally, the provinces should also get clear-cut responsibilities for achieving the policy targets."

Others agree. Ijaz Khokhar, a leading exporter of martial arts uniforms from Sialkot, insisted that STPF should represent a broad-based comprehensive strategy for regulating the nation's international trade (import and export).

It should attract both domestic and foreign private investment in manufacturing for producing export surpluses, support value-addition, resolve long-standing issues (like inefficiencies, low productivity and outdated technology), encourage new sectors and industries to venture into exports and so on.

The objective of the framework should be realisation of the country's true export potential and creation of jobs for the millions entering the market every year. In fact, STPF should act as an 'umbrella' under which finance, monetary, industrial, agricultural, energy, labour and other policies are designed to support and help the country achieve targets set by the trade policy."

Mr Khokhar contended the new STPF must provide for periodic, quarterly review of implementation of its recommendations and interventions by a body that has businessmen on it to address any flaws, drawbacks and shortcomings.

"Such a body should be headed by the prime minster himself and consulted before any other policy or trade agreement are devised that could potentially harm/affect the implementation of recommendations and interventions spelt out by STPF. It is the only way the policy implementation can be ensured and the ministries' focus diverted back on exports."

With three commodities — textiles, leather and rice — constituting more than two-thirds of total exports and almost 60pc of shipments directed only to five countries, former Lahore Chamber of Commerce and Industry president Abdul Basit pleaded the case for product and market diversification.

"I'm not opposed to incentives and support for large textile businessmen. But no strategic framework aimed at boosting overseas shipment can succeed unless it focuses on encouraging new industries and products.

"You can push textiles or rice or leather shipments to a limit. Beyond that you need to diversify into unconventional products even if it means cash incentives, tax relief and subsidies in the initial years."

https://www.dawn.com/news/1385801/effectiveness-of-new-trade-policy

IPC BODY TOLD: EXPORT OF HALAL MEAT SOARS TO $214.5M
Business Recorder, 31 January 2018

ISLAMABAD: A meeting of the Standing Committee on Inter-Provincial Coordination (IPC) was informed that export of processed Halal meat to Muslim countries has increased to $214.5 million from $20 million.

The director Animal Quarantine Department (AQD) informed the meeting of the committee, presided over by Abdul Qahar Khan Wadan, that Economic Coordination Committee (ECC) of the Cabinet on a summary moved by the Ministry of National Food Security and Research had imposed a ban on the commercial export of live animals in 2013.

He further stated that the export of processed Halal meat to the Muslim countries witnessed a quantum upsurge. Pakistan earned $214.5 million on export of processed/value added meat during 2012-13 as compared to $20 million on export of live animals.

The meeting was given a briefing on Livestock and Dairy Development, Animal Quarantine Department, regarding export of animals to Iran and Afghanistan through Balochistan, establishment of independent and permanent secretariat of the Council of Common Interests (CCI) with provincial representation, and working and performance of IPC, etc.

Minister for IPC Riaz Hussain Pirzada briefed the committee about the steps taken by the ministry for flourishing the sports activities in the country. He also agreed to the committee that incentives should be awarded to the hockey players and also the independence/freehand should be given to the hockey federation. He further said that Pakistan is facing defeat in all sports activities due to the federal control over the respective sports association.

Senior officials of Higher Education Commission (HEC) briefed the committee that the HEC scholarships are open under all major disciplines and there is no bar for candidates to apply under any selected field.

They further stated that in compliance with the recommendations of the committee, all the foreign scholarship holders are now bound to get NOC from their respective Pakistani Embassy.

The committee recommendations included; (i) Pakistan Boys Scouts Association and the Pakistan Girls Guide Association may be transferred back to Ministry of Federal Education and Professional Training and in this regard the Ministry of IPC recorded that they have no objection over this matter; (ii) the government should initiate steps so that in future no private school should be awarded NOC without fulfilling the requirement of a reasonable playground and sports facilities to the students; (iii) sports federations should be made independent and their funds should be enhanced and like other sports the private sponsors should also be hired by the Pakistan Hockey Federation for boosting the hockey in the country.

The committee also constituted a sub-committee to set the criteria for the selection of new director general Pakistan Sports Board and; (iv) import of dry milk should be banned in Pakistan and National Testing Services (NTS) should not be approached for the selection of employees for the ministries as the services of NTS are not up to the mark.

https://epaper.brecorder.com/2018/01/31/5-page/697094-news.html

MILLERS PUT BLAME ON COMMERCE MINISTRY FOR DELAY IN EXPORTS
The Express Tribune, February 3rd, 2018

Sugar millers have blamed the Ministry of Commerce for the miseries of sugarcane growers, saying the ministry delayed the permission for exports and an impartial investigation should be conducted to hold accountable those responsible for the crisis.

In a presentation to the Competition Commission of Pakistan (CCP), the millers revealed that they had approached the Ministry of Commerce to seek its nod for the export of two million tons of sugar without any subsidy in March last year.

At that time, sugar prices in the international market were attractive in the range of $545 to $550 per ton and Pakistan had a stock of 2.8 million tons. However, the ministry did not allow its export, which later sparked a crisis engulfing the farmers.

Talking to The Express Tribune, Pakistan Sugar Mills Association Senior Vice-chairman Iskandar Khan said he had also given a presentation to the CCP in that regard.

According to him, the growers had also backed the export proposal and they held a protest rally over the delay in sugar exports, but the government used force to silence them.

He disclosed that the millers had suggested to the commerce ministry that four million tons could be kept as reserves for release in the market in case of any price volatility following sugar exports. The restriction on sugar exports caused a loss of $1.090 billion, he alleged.

Khan recalled that the Economic Coordination Committee (ECC) of the cabinet during the Shaukat Aziz government had also decided to maintain a buffer stock of four million tons, but the government failed to execute the plan.

Later, the current government allowed export of 1.5 million tons, but by that time prices of sugar had come down to $350 per ton. Of this, only 0.5 million tons have been shipped so far.

Khan claimed that the millers were defaulting on payments and were facing a loss of Rs6 per kg.

Saying that mills had faced expenses of 10% of the total sugar cost, he urged the government to fix retail and ex-factory prices to protect the interest of growers.

He supported the mechanism suggested to convert sugarcane purchase receipts into cheques, but emphasised that it should be linked with the recovery of sucrose from sugarcane in line with the standard followed the world over.

Sucrose content in Brazil is estimated at 17% whereas in Pakistan it averages just 9.8%.

Opposing the setting up of new sugar mills, Khan stressed that Pakistan had a significantly high crushing capacity of 10 million tons compared to the demand that stands far lower at 5.2 million tons.

https://tribune.com.pk/story/1625139/2-millers-put-blame-commerce-ministry-delay-exports/

NEWS COVERAGE PERIOD FROM JANUARY 22ND TO JANUARY 28 TH 2018
'SUSPICIOUS' CERTIFICATES: 'BAD-FOR-HEALTH NON-FOOD AGRI ITEMS BEING IMPORTED INTO PAKISTAN'
Business Recorder, 23 January 2018

Mushtaq Ghumman

ISLAMABAD: Director General, Department of Plant Protection (DPP) has revealed that health hazard non-food agriculture items are being imported in Pakistan on the basis of suspicious certificates and mis-declaration.

This was pointed out at a recent meeting presided over by Secretary Commerce Division, Younus Dagha which was convened to discuss issues faced by importers regarding import of goods under SRO 1067(I)/ 2017.

The Secretary Commerce said that safety and procedural requirements on import of agricultural products have been imposed to safeguard agriculture of Pakistan from exotic/noxious pests.

The meeting was informed that traders are facing problems since processed food and non-food items like broomstick etc have also been subjected to safety and procedural requirements. They were of the view that since canned and processed food products have already gone through processing, therefore they may be exempted from the requirements laid down under the SRO.

The importers requested that broomsticks that have no relation with food and safety standards may be excluded from the requirements. DG, Department of Plant Protection disagreed and revealed that during tests, aflatoxin was detected in broomsticks which violates health and food safety standards and were found to contain hazardous substance.

The traders further mentioned that Department of Plant Protection is not processing the cases on first come first served basis rather the cases are processed on the basis of pick and choose. The DG, PPD assured that he would look into the matter and take corrective measures to address such shortcomings which are occurring due to shortage of manpower.

It was also revealed by the businessmen that shipments take several days to arrive in Pakistan from the exporting country and therefore, some portion of the consignment gets affected due to moisture and when the samples are drawn from the affected area, the results are unfavourable.

He stated that no such practice is being followed deliberately. However, if the importer desires, he can send his representative at the time of sample drawing so that such kind of grievances do not occur.

Several consignments of food and non-food agriculture items have already arrived in Pakistan mainly from Indonesia and Sri Lanka. The consignments are not cleared either because the Import Permit was not issued at the time of imports and that the importers were not aware of the revised conditions of the IPO or hazardous substances were found and the shipments were not cleared.

The businessmen maintained that these consignments carry four different kinds of health and phyto-sanitary certificates by the exporting country to ensure that these are free from exotic/noxious pests and therefore, this should serve the requirement of PPD. He noted that when the samples were taken from the shipments and tested the aflatoxin levels were found to be quite high (142 percent) while DPP’s requirement is that it should not be more than 20 per cent. This makes the certifications of the exporting country suspicious and a mis-declaration.

The importers requested to raise the level of aflatoxin to 50 per cent and allow the held shipments to be cleared subject to heat treatment. They committed that in future they would observe the requirements of PPD. They also requested that the shipments received till 24 November 2017 without Import permit may be cleared through one time exemption.

The importers also argued that samples are drawn after grounding the container which requires original delivery order/release of documents. At that stage, 100 per cent payments have already been made to the exporters. In case the consignment is rejected, it is not possible for the importer to get the payment back from the exporter and the consignment cannot be returned. Therefore, the samples may be drawn before grounding of the container.

Habib Ahmed, Secretary (Tariff-I), FBR stated that this could be done and therefore the stakeholders may hold a meeting with Collector Customs along with representative from PPD to formulate a procedure of sampling before grounding the container. The DG, PPD agreed to the proposal.

After detailed deliberation, it was decided that the Department of Plant Protection would explore the possibility of releasing the consignments which have arrived till 24 November 2017 without import permit and have originated from those countries where the risk of pest is nominal. These consignments may be released subject to health requirement or heat treatment etc. if acceptable to PPD. Besides, in case the aflatoxin level is above 50 PPB (part per billion) in these consignments, these would undergo heat treatment prior to issuance of release order. PPD will prepare a mechanism for this. Further, in future, if aflatoxin level is above the benchmark fixed by PPD, i.e. 50 PPB, the consignment would be rejected.

Selection of samples and laboratory for inspection would be identified mutually by PPD and the importer. Necessary mechanism will be devised by DPP in consultation with the importers in this regard.

It was also decided that DPP, in consultation with the FBR, will work out examination criteria prior to grounding the consignments/containers so that the rejected consignments could be returned and foreign exchange saved since at this stage the payment is yet to be released to the foreign exporter.

The DPP would analyze the request of importers for excluding processed food from the conditions of IPO besides other non-food items including broomstick, it was decided.—

https://epaper.brecorder.com/2018/01/23/5-page/695590-news.html

AFGHANISTAN'S TRANSIT TRADE THROUGH PAKISTAN PICKS UP
The Express Tribune, January 23rd, 2018.

Afghanistan's transit trade through Pakistan has reached a value of $1.4 billion in the first six months of the ongoing financial year, indicating that the volume can increase to around $3 billion by the end of 2017-18.

In 2012-13, transit trade had slumped to $1.46 billion from $3.12 billion in 2010-11. However, numbers show that the volume has hovered around the $3-billion mark for the past few years. The highest figure in recent years has been $3.46 billion in 2015-16, while in the last fiscal year it was $2.87 billion.

Figures by the Directorate General Transit Trade show $1.46 billion (assessed value) worth of goods passed through Pakistan during July-Dec 2017. Pakistan and Afghanistan signed a transit trade agreement in 2010 under which the former charges zero transit fee. Since then, Pakistan has remained the most favoured transit trade corridor for the landlocked country.

However, with the rising trust deficit between the two countries and Afghanistan's increased engagement with India, the agreement's fate hangs in the balance.

Afghanistan now wants India to be included in the transit trade arrangement but Pakistan maintains that it was a bilateral engagement and should stay so. Under the Afghanistan-Pakistan Transit Trade Coordination Authority (APTTCA), the two neighbours have so far held six meetings – the last being in 2016. The seventh meeting was scheduled in September last year but it was put off. Minister for Commerce Pervaiz Malik said no schedule for the seventh meeting has yet been finalised.

Also, there are apprehensions that the Afghan transit trade could shift to Iran after India, Iran and Afghanistan signed a $500-million transit accord in 2016. The Ministry of Commerce, however, says there has been no major shift to Iran. "Figures show that there has been a decline in assessed value and TEUs (twenty-foot equivalent unit) of Afghan transit cargo in 2016-17 but it has increased in the past six months (Jul to Dec 2017)," the ministry said in its response submitted to the Senate Standing Committee on Commerce.

The ministry says decrease in volume of transit trade is due to reduced demand in Afghanistan after withdrawal of NATO forces and drop in international donor funding. Frequent border closures and poor infrastructure at borders are also among chief impediments, said the ministry.

https://tribune.com.pk/story/1615486/2-afghanistans-transit-trade-pakistan-picks/

PAKISTAN PREFERS TRADE NOT AID FOR ITS DEVELOPMENT: DASTGIR
Business Recorder, 24 January 2018

Pakistan's Parliamentary Delegation Meets Heads of Groups and Committees in the European Parliament. Pakistan prefers trade not aid for its development said Minister for Defence Khurram Dastgir Khan. A four member Parliamentary Delegation of Pakistan – EU Friendship Group headed by Minister for Defence Engr. Khurram Dastgir

Khan met with several heads of Groups and Committees in the European Parliament, in Brussels, today. The delegation is comprised of members of the Parliament Dr Fehmida Mirza, Shibli Faraz and Siraj-ul-Haq says a press release.

The delegation met with MEP Manfred Weber, Chair of the European People’s Party Group in the European Parliament. Khurram Dastgir briefed Weber comprehensively on developments in Pakistan in political and economic fields in the wake of consolidation of democracy since 2008. Talking about upward trajectory in Pakistan-EU relations the Minister said that the relations between Pakistan and the EU countries have further strengthened after GSP Plus scheme. The delegation also gave an overview of economic uplift and investment opportunities in the wake of CPEC.

Weber appreciated Pakistan’s role in fight against terrorism. He strongly supported the need to further enhance trade relations between Pakistan and EU, adding that EU always favored stronger Pakistan – EU relations in all respects. He also evinced keen interest in understanding China Pakistan Economic Corridor (CPEC). The Delegation also met with GSP Plus monitoring committee. The Minister for Defence informed the committee that Pakistan has always preferred trade over aid as a means for development and the expansion of trade between Pakistan and the European Union countries over the past 4 years

since the grant of GSP Plus status clearly manifests this approach. He briefed the Committee on the government’s policies towards improving economy of the country.

Khan said that the GSP Plus provided the necessary window for strengthening Pakistan’s economy. “With increased energy supply from the projects undertaken by the government in past four years and supplemented by the energy projects envisaged under the China-Pakistan Economic Corridor (CPEC), Pakistan will be able to fully utilize the potential of the GSP Plus facility” said Khan. This would also help diversify Pakistan’s production base and yield positive dividends for its people, he added. He lauded EU’s role in supporting Pakistan trade through GSP Plus. He invited EU to consider investing in Pakistan following positive economic outlook.

Senator Shibli Faraz said that Pakistan was cognisant of the challenges and was working to diversify its export base by pursuing various projects. Siraj Khan said that Pakistan has been pursuing democratic path and fighting the challenges posed by terrorism. Pakistan hopes for sustainable economic relations with EU on a long term basis and EU should consider sending delegation to Pakistan to broaden engagement, he added. Dr Fehmida Mirza emphasised for stronger linkages between the parliamentary delegations.

The delegation also held meeting with MEPs Jean Lambert and James Nicholson, Chair and Vice Chair respectively of the South Asia Delegation in the European Parliament. MEP Jean Lambert welcomed the delegation and said that EU is ready to assist Pakistan in bringing improvements in various fields. She wished well for upcoming elections.-PR

https://fp.brecorder.com/2018/01/20180124338034/

11 ASIA-PACIFIC NATIONS AGREE TO MOVE TOWARDS TRADE DEAL WITHOUT US
Business Recorder, 24 January 2018

TOKYO: Eleven Asia-Pacific nations on Tuesday agreed to move toward signing a massive trade deal, Japanese officials said, after they revived it following the pullout of the United States.

“A statement of agreement by the TPP 11 has finally been sealed and the 11 countries agreed to go ahead with preparations for signing it,” Economy Minister Toshimitsu Motegi told reporters after a meeting of officials in Tokyo. “It is epoch-making for our country and the future of the Asia-Pacific region,” Motegi added.

The agreement came following a two-day meeting of the chief negotiators of the 11 Trans-Pacific Partnership (TPP) nations in Tokyo.

The 11 members will work towards signing the final accord "by early March," a statement said.

The agreement would incorporate all commitments from the original TPP, except for a limited number of provisions suspended temporarily, and some remaining issues to be finalised.

"At the Tokyo round, senior officials resolved these outstanding issues, finalised the list of suspended provisions, and completed the legal verification of the agreement," according to the statement.

US President Donald Trump abandoned the Trans-Pacific Partnership in January last year calling it a "job killer" and throwing the pact's future into doubt. The deal covered 40 percent of the world economy before the US withdrawal and — with its notable exclusion of China — was intended to counter Beijing's economic prowess in the region.

Several remaining members, however, pushed hard for its revival following the US withdrawal, notably New Zealand and Japan.—AFP

https://epaper.brecorder.com/2018/01/24/9-page/695839-news.html

ISLAMABAD SEEKS DUTY REDUCTION ON EXPORTS TO CHINA
Dawn, January 24th, 2018

ISLAMABAD: Pakistan will demand unilateral concessions on approximately 70 products mostly of export interest to China as part of the second phase of the Free Trade Agreement (FTA).

This demand came from top government officials when the Chinese ambassador to Pakistan, Yao Jing, visited the commerce ministry to invite Commerce and Textile Minister Pervez Malik to a six-day international import-expo exhibition in Shanghai.

The exhibition is scheduled for Nov 5-10.

A source privy to the meeting told Dawn that the duty reduction on these products will be discussed in the eighth round of negotiations scheduled for Feb 7. Commerce Secretary Younus Dagha will lead Pakistan's delegation to the meeting.

The source said Pakistan will especially seek market access for sugar, maize, vegetables and textiles under the second phase. It was also demanded that all those industries whose exports have increased over the years should be re-located to Pakistan.

According to the source, the Chinese envoy said such investments will be made in Special Economic Zones (SEZs). The Chinese envoy said almost 60 companies have shown their interest in investing in the Gwadar industrial zone, which is scheduled to be inaugurated on Jan 29.

But the Pakistani side demanded immediate relocation of some industries, especially those that manufacture mobile phone sets. Pakistan also offered concessions in tariff and taxes in the case of local mobile phone set manufacturing, the source added.

After the meeting, the Chinese envoy told journalists that the two countries will hold another round of FTA-related negotiations. "I understand concerns of Pakistani manufacturers over the outcome of the existing FTA," the envoy admitted.

He said China would take into account all these concerns to have a more convenient and facilitating mechanism of bilateral trade. “China will not disturb growth of Pakistan’s industrial sector at any cost,” the envoy said.

He also announced that the visa mechanism for Pakistani businessmen, especially exporters, would be eased.

The envoy said Pakistan was invited as a guest of honour to the exhibition. He said Pakistan occupied a special position in China’s policy, adding that his country would do all that was required to promote its exports.

“China will love to buy Pakistani products whether these are edible, textile or any other items. China will like to buy whatever competitive products Pakistan introduces in the Chinese markets,” he said.

To increase bilateral trade, he invited Pakistani exporters to China to explore its commodity markets. China will send purchasing delegations to identify more items for bilateral trade, he added.

Mr Malik said a number of issues came under discussion during the meeting with the Chinese ambassador. He said all these issues would be raised in the upcoming meeting on the FTA.

Mr Malik said Pakistan will participate in the Chinese exhibition. “It is our own expo and we will have full representation in it,” the minister said.

Asked about the outcome of the last meeting, Commerce Secretary Dagha said the last round of the FTA held in Beijing was “very positive” as the issues highlighted by Pakistan were taken well by the Chinese side.

Mr Dagha said the FTA would help reduce the trade deficit and provide better access to Pakistani businessmen in Chinese markets.

https://www.dawn.com/news/1384824/islamabad-seeks-duty-reduction-on-exports-to-china

TRADE INTERESTS BROOK NO COMPLACENCY
Business Recorder, 25 January 2018
That China and Pakistan are very close friends is a fact. That their friendship is deeper than the oceans and taller than the Himalayas is also a fact. So no one from Pakistan should doubt China’s approach to trade with Pakistan. China, according to its ambassador in Pakistan, Yao Jing, will never want to have any “intentional” trade imbalance with Pakistan.

According to him, the current trade imbalance is the result of specific reasons, which include larger-scale infrastructure projects and some kinds of machinery from China for CPEC projects. But this is a temporary phenomenon because CPEC will finally improve Pakistan’s manufacturing capability and reduce the manufacturing cost of Pakistani products. For the long-term, China believes that Pakistan’s exports and manufacturing capability will improve. “I understand that there are some kinds of concerns from Pakistan’s private sector and manufacturers on the FTA.
I would say China looks at Pakistan as a special partner and we will never like to hurt your industry through this kind of trade. Basically, our intention is to have a more convenient and facilitating mechanism of bilateral trade between the two countries. We want to encourage and facilitate trade with Pakistan, and for this purpose would extend whatever facilitation is required,” the Chinese ambassador was quoted as saying at a press conference that he addressed with Pakistan’s commerce minister Pervaiz Malik in Islamabad recently.

That every Free Trade Agreement (FTA) has its upsides and downsides is a fact that has found its best expression from the divergent positions taken by China and Pakistan on the timing of trade concessions under the second of phase of their FTA. The present second phase “stalemate” however does raise a question: why have the two largest economies in Asia, China and India, failed to enter into a free trade agreement despite growing bilateral trade between the two neighbours?

The answer is quite simple: India's domestic industry doesn't want an FTA with China. Although the nature of relationship between Pakistan and China is vastly different from that between India and China, and no country would like to compromise its economic interests through an agreement. The Chinese response to Pakistan's request that it must grant unilateral duty concessions on at least 70 items, and with immediate effect has not been encouraging.

Islamabad has also sought similar trade concessions whatever available to ASEAN countries. Addressing the press conference, the Chinese ambassador has made it clear that although his country is ready to extend maximum trade concession to Pakistan in the second phase of FTA on items which are allowed in the Chinese market.

But this goodwill gesture is characterized by a difficult condition: the concession will be allowed keeping in view trade pacts that China has already signed with other countries and its strict regulations. This gives birth to a profound question, although the Chinese ambassador's signal of more trade concessions for Pakistan has come at a time when the two countries will be holding the 8th round of talks on FTA-II on Feb 7. But can our own goods and products compete in terms of both quality and price with the ones already available in the Chinese market?

The Chinese approach to our ordeal could be easily discerned from the Chinese ambassador's remarks. According to him, the Pakistan minister has suggested to him that export of some Pakistani items like sugar, maize, edible oils, vegetables and seafood should be facilitated. His answer was quite simple, and plausible: that China would buy from Pakistan whatever products are "competitive."
He said that "I am suggesting to the minister for commerce and ministry that first China would invite Pakistani exporters to China to identify commodities familiar in the Chinese market, and in reciprocation Pakistan should invite Chinese exporters in Pakistan to identify the potential of their products in the Pakistani market."

Pakistan knows well that its industry is far beyond China's, or even any Chinese partner in the ASEAN. China is fully appreciative of Pakistan's downside as far as manufacturing on a large-scale is concerned. That is why it has pledged that in the long-term China would support Pakistan in Special Economic Zones and through joint ventures, which would help increase its capacity to manufacture quality goods for exports to international markets.

Although the Chinese envoy's position makes a greater sense insofar as bilateral trade between the two counties is concerned, Beijing could look into the possibility of granting Pakistan tariff reductions on the pattern that it follows in the case of ASEAN countries, Pakistan's advantage in textiles and some other areas can be translated into a big boost to Pakistan's industry. But such a concession on China's part will brook no complacency by our manufacturers.

As pointed out by the Chinese envoy, "the problem right now is to identify more commodities with competitive quality and price. The problem is too much shortage of items. China would purchase commodities of $10 trillion over the next five years and Pakistan can get its share." The question is: does our industry possess the required wherewithal and the skilled workforce to cash in on this huge opportunity that China has thrown up for Pakistan's trade and industry?

https://epaper.brecorder.com/2018/01/25/20-page/696130-news.htm

NEWS COVERAGE PERIOD FROM JANUARY 15TH TO JANUARY 21ST 2018
PAK-CHINA FTA PHASE-II TALKS HIT SNAG
Mushtaq Ghumman

Business Recorder, January, 16th, 2018

Pakistan has reportedly refused to finalise negotiations with China on second phase of Free Trade Agreement until Beijing allows export of at least 70 high priority items of Pakistan's interest duty free, well informed sources told Business Recorder. The 8th meeting of 2nd Phase Negotiations of China-Pakistan FTA (CPFTA) is expected to be held next month in Islamabad but so far discussions are deadlocked.

The sources revealed that both sides are engaged in discussions through video link on the proposed draft of CPFTA-II but nothing is final yet. "Pakistan will proceed ahead with China on final round of talks if something substantive is achieved prior to concluding the FTA-II," the sources continued. Pakistan, sources said, has sought some safeguards for local industry, Trade Reduction Modalities (TRMs) and specific mechanism for balance of payment clause.

"The clauses related to safeguards for local industry and balance of payments were not part of FTA-I but both clauses are proposed in FTA-II," the sources maintained. Explaining the benefits of safeguards, the sources said, Pakistan can invoke this clause if imports from China flood our markets and a need to project local industry is felt whereas the clause relating to balance of payment cannot be invoked for any one country.

"We are preparing TRMs for CPFTA-II but so far consensus has not evolved on three or four issues," the sources further added. Commerce Minister was apprised that China-Pakistan trade which was around $4 billion in 2006-07 reached an all time high of $13.77 billion in 2015-16. Pakistan's exports jumped to $1.669 billion in 2015-16 from $575 million in 2006-07. Correspondingly, China's exports to Pakistan increased to $12.1 billion in 2015-16 from $3.5 billion in 2006-7.

China's proposed TRM for the second phase of the CPFTA entails overall tariff elimination on 90 per cent of tariff lines. On 70 per cent tariff lines, duties would be immediately reduced to zero on the date of entry into force of the second phase of CPFTA whereas the remaining 20 per cent tariff lines would be divided into two equal slabs.

There is discrepancy of at least $ 3 billion in trade figures of the two countries due to massive under invoicing which has been discussed on a number of occasions in the Senate Standing Committee on Commerce and Textile. According to the proposal, on the first 10 per cent of these tariff lines, duties would be reduced to zero within five years and on the remaining tariff lines within ten years. The 7th meeting on the negotiations of the second phase of CPFTA was held in Islamabad on December 6-7, 2016. Pakistan once again conveyed its concerns to China on the impact of the 1st phase of the CPFTA.
Both sides are discussing issues relating to the structure of tariff reduction modality, including final elimination level, phase-out periods and response to key items of export interest, etc. Pakistan and China have also discussed Chinese investment (relocation and Greenfield) in Pakistan's export oriented and value added industrial sectors including discussion on amending protocol to the CPFTA. Both countries are also discussing implementation issues relating to Electronic Data Exchange under CPFTA. China is also putting pressure on Pakistan for removal of the recently imposed regulatory duty.

According to sources during the 8th round, dead lock was created several times due to China's rigid stance. The round was not so successful. Pakistan had proposed the immediate reduction of TRMs to 40-45% – 15 percent to be reduced from 3 to 7 years, 20 percent in 5 to 15 years and 20 percent where there would be no change.

For China, 70 percent immediate reduction – 10 percent in 5 years, 10 percent in 10 years and 10 percent where there would be no change. The minutes of 8th round have been finalised after months of written letters and deliberations through video link, sources concluded.

http://fp.brecorder.com/2018/01/20180116335815

CHINA URGED TO ENCOURAGE IMPORTS FROM PAKISTAN
Dawn, January 17th, 2018

The Globalization Bulletin
Trade liberalization
Khaleeq Kiani

ISLAMABAD: Pakistan has formally asked China to encourage its products — mainly the eatables — into its market to contain tilted expansion in bilateral trade and focus on future administration of the China-Pakistan Economic Corridor (CPEC) after completion of ongoing projects.

The message was given by Deputy Chairman of the Planning Commission Sartaj Aziz to Chinese Ambassador in Islamabad Yao Jing on Tuesday.

According to sources, Mr Aziz told the ambassador that China needed to facilitate Pakistani exports to its market as only a few Pakistani products were imported by China.
He said the construction of CPEC-related projects would be completed soon and the focus should now shift to its future administration for which rules and regulations should be worked out without loss of time to avoid complications in future. “Hardware side of the CPEC project is being implemented, but we also need to focus on the software side that includes policies, agendas and strategies,” Mr Aziz said, adding that Pakistan’s current focus was on building industrial parks.

He asked the envoy to send an experts’ team to Islamabad to study Pakistan’s rules and regulations related to exports because at present there were only a few Pakistani products that could make their entry into Chinese market. This was important because Pakistani industry had not yet reached a stage where its exportable surplus could make an impact in China, Mr Aziz added.

The Chinese ambassador suggested that Pakistani sugar that was surplus in production had good chances of making inroads in his country. Mr Aziz, however, emphasised that not only sugar but China should also promote other products, including meat, fish, fruits and vegetables for its domestic use.

Mr Aziz said that both Pakistan and China enjoyed remarkable relations since beginning (of their friendship), but President Xi Jinping and former prime minister Nawaz Sharif had taken the relationship to new heights through the CPEC. He said that despite economic crisis among Asian countries, China’s economic success served as a role model for the rest of the countries in the region.

With the region’s economic success, the balance of power would shift from West to East and Asia would become an engine of growth, he added.
Mr Aziz said the CPEC was now at a take-off stage where all political parties and people of Pakistan were united on the economic corridor providing their full support to that framework of national development.

The Chinese ambassador and the deputy chairman of the Planning Commission also discussed issues related to trade between the two countries and in the region.

Of late, Pakistan has been reluctant to finalise second round of negotiations on the China-Pakistan Free Trade Agreement unless China agrees to facilitate duty-free export of around six dozen items of Islamabad’s priority. Islamabad has also been seeking safeguards relating to local industry from Chinese imports, detailed mechanism for balance of payments clauses and other trade reduction modalities that Pakistan missed out in first phase of the FTA leading to a tilted expansion in trade.
The bilateral trade has expanded from about $4 billion 10 years ago when the FTA was signed by the two sides to almost $14bn last year, but imports from China have surged by 380 per cent to $12bn from $2.5bn, while Pakistan’s exports have increased by 195pc to $1.7bn from $570 million.

https://www.dawn.com/news/1383428

BUSINESSMEN HAIL DECISION TO TAKE THEIR INPUT IN TRADE POLICY

The Express Tribune, January 18th, 2018.

The business community unanimously hailed the prime minister's initiative to seek stakeholders' suggestions on its broad-based consultative process to formulate the Strategic Trade Policy Framework (STPF) 2018-23 for a period of five years.

The government aims to encompass issues pertaining to supply chain development, market access initiatives, trade promotion, trade facilitation, reduction of cost of doing business and facilitating the business community to avoid unnecessary hurdles in importing and exporting.

Federal Commerce Minister Pervaiz Malik conveyed the salient features of the proposed trade policy to Saarc Chamber of Commerce and Industry Vice President Iftikhar Ali Malik on Wednesday.

Pervaiz said that Prime Minister Shahid Khaqan Abbasi, in principle, has directed all ministries and attached departments to seek concrete suggestions and valuable views on formulating the STPF.

He further said that the government is offering an unprecedented package of incentives to exporters to boost earnings of the country. "Reimbursement of tax refunds and payment of funds under PM package is top priority," said Pervaiz, adding that the commerce ministry is focused on reimbursement of tax refunds and payment of funds under PM package to boost exporters' confidence.

He also informed that the Ministry of Commerce will launch a campaign for the international brand marketing of Pakistan. Appreciating the minister's initiative, Iftikhar said this is a step in the right direction taken by the government for enhancing trade activities in the country.
He suggested more market and product diversification and measures to improve the quality and sophistication of Pakistan's export basket besides taking measures to reduce the cost of doing business.

Previously, the government had announced three years STPF with an aim to enhance the country's exports to $35 billion by the end of June 2018 and now the government has decided to incorporate the proposals of public and private sectors in its five-year STPF 2018-23.

https://tribune.com.pk/story/1611381/2-businessmen-hail-decision-take-input-trade-policy/

INDONESIA OFFERS PAKISTAN BETTER MARKET ACCESS
Dawn, January 19th, 2018

Mubarak Zeb Khan

ISLAMABAD: The Indonesian government has unilaterally agreed to provide Pakistani products with deeper market access under the preferential trade agreement (PTA), which will help reduce the negative trade balance between the two courtiers, a government official claimed on Thursday.

"We have renegotiated with Indonesia the provision about reducing duties on 20 items to zero per cent," the senior official of the Ministry of Commerce told Dawn.

The Indonesian president is scheduled to arrive in Pakistan on Jan 25 to sign the amendments to the PTA, a source in the Foreign Office confirmed.

The official did not disclose the names of these products. He said the PTA was not properly negotiated and did not provide for any market access to Pakistani goods.

“We have urged the Indonesian government to reciprocate market access for Pakistani products to which they have agreed,” the official said.
According to the source, the products on which duty will be reduced include agricultural produce, manufacturing products and fruits.

Pakistan and Indonesia signed the PTA in 2012. It came into operation in 2013. Pakistan’s exports to Indonesia posted a negative growth while imports rose by over $1bn in the past three years.

The senior official of the commerce ministry said that imports from Indonesia increased, but not in absolute terms. The increase was the result of a diversion of palm oil imports from Malaysia.

However, overall bilateral trade also increased.

Pakistan’s exports to Indonesia were $196m in 2012-13. Exports in the second year of the PTA (2014-15) marginally increased to $143m. However, exports fell to $130m in 2015-16. Similarly, export proceeds were recorded at $138m in 2016-17.

But contrary to this, imports from Indonesia were recorded at $1.7bn in 2013-14. They edged up to $2.3bn in 2016-17, reflecting an increase of 26pc.

Data shows Pakistan’s exports to Indonesia have dropped since the implementation of the PTA. Indonesia’s exports have almost doubled post-PTA.

In August 2017, the Indonesian government expanded the quota and period for the import of Pakistani kinno. The period was changed to December-April from January-April.

According to the source, the decision to offer a fresh duty reduction on 20 items will be in addition to compensating Pakistani exporters of leading products.

Pakistan already shared a list of products with the Indonesian government in the last three review meetings of the PTA. Islamabad has demanded that the tariff be reduced to zero per cent on two lines of textiles, knitted and woven fabric, garments, broken rice, mangoes, meat and meat products etc.
Asked about the advantages of the PTA, the senior commerce ministry official claimed that these agreements are required in today’s global trading environment where most of Pakistan’s competitors enjoy greater market access through such pacts.

“We need to negotiate these better rather than shying away from them. Shying away from PTAs will limit market access to our exporters. We have acquired such expertise and software where we can run models of our trade with different negotiating options in PTAs and free trade agreements,” the official added.

https://www.dawn.com/news/1383864

NEWS COVERAGE PERIOD FROM JANUARY 8TH TO JANUARY 14TH 2018
EXPORTS REGISTER 15PC GROWTH IN PAKISTAN
Dawn, January 11th, 2018

Mubarak Zeb Khan

ISLAMABAD: Exports grew nearly 15 per cent year-on-year in December 2017, raising hopes about a revival in the overseas sales of Pakistani goods.

The upward trend in exports will contribute towards bridging the deficit in current account, which is under pressure because of rising oil prices and growing imports of other fuels and machinery.

In absolute terms, exports edged up to $1.97 billion in December from $1.72bn a year ago, data released by the Pakistan Bureau of Statistics showed on Wednesday.

In the first half of the current fiscal year, export proceeds recorded an annual growth of 11.24pc to $11bn.
Talking to Dawn, Commerce Secretary Younus Dagha said exports have been increasing since last June. They increased 12.3pc and 14.8pc in November and December, respectively.
He said the premier's export package, realistic exchange rate and growing international demand will help maintain the growth momentum.

Imports recorded an increase of 19.1pc to $28.97bn in July-December. They grew 10.1pc year-on-year to $4.91bn in December.

Mr Dagha said the upward trend in imports, as witnessed throughout 2017, also slowed down in December. The increase in imports, which was 37pc in January and July, came down to 10pc in December.

This is despite the fact that crude oil prices went up from $47 per barrel in July to $67 per barrel in December, showing an increase of 43pc, he said.

Excluding fuel imports, which registered an increase of almost 30pc, the rest of imports have shown only 1pc rise, the secretary said.

He said imports of non-oil and non-essential consumer goods are expected to remain under control due to import rationalisation initiatives. However, rising oil prices and higher machinery imports remain a challenge for the balance of trade, he added.

Imports of mobile phones and apparatuses also witnessed tremendous growth during the period under review.

The merchandise trade deficit swelled nearly 25pc to $17.96bn in the first six months of this fiscal year. It rose 7.12pc year-on-year in December to $2.94bn.

The last fiscal year saw the trade deficit rise to an all-time high of $32.58bn, representing year-on-year growth of 37pc. The country's annual trade deficit was $20.44bn in 2013. It has been continuously on the rise since then.

https://www.dawn.com/news/1382112/exports-register-15pc-growth-in-pakistan

HIGHER IMPORTS WIDEN TRADE GAP IN SERVICES
Dawn, January 12th, 2018

ISLAMABAD: The trade deficit in services increased 12.3 per cent in the first five months of the current fiscal year, the Pakistan Bureau of Statistics reported on Thursday.
The gap widened because of an upward trend in the import of services. It edged up to $2.1 billion in during the period under review. In November, the deficit went up 36.5pc year-on-year to $459 million.
Data shows exports of services posted a negative growth of 0.42pc year-on-year to $406.9m in November.
In July-November, services' export proceeds rose 3.4pc to $2.07bn from $2bn a year ago.

Last year, exports of services increased 1.76pc to $5.55bn.

The import of services went up 7.7pc to $4.2bn in July-November against $3.87bn in the corresponding period of the last year.

In November, the import of services edged up 16.3pc year-on-year to $865.9m. Services' imports in 2016-17 increased 2.96pc to $9.12bn.

https://www.dawn.com/news/1382345

NEWS COVERAGE PERIOD FROM JANUARY 1ST TO JANUARY 7TH 2018

SBP SAYS CHINESE YUAN ACCEPTABLE FOR BILATERAL TRADE, INVESTMENT

The Express Tribune, January 3rd, 2018.

The State Bank of Pakistan (SBP) said on Tuesday that both public and private sector enterprises (ie both Pakistanis and Chinese) are free to choose Chinese yuan (CNY) for bilateral trade and investment activities.

As per current foreign exchange regulations, CNY is an approved foreign currency for denominating foreign currency transactions in Pakistan. "In terms of regulations in Pakistan, CNY is at par with other international currencies such as the dollar, euro and Japanese yen etc," according to a SBP statement.

The SBP, in its capacity as the policymaker of financial and currency markets, has taken comprehensive policy-related measures to ensure that imports, exports and financing transactions can be denominated in CNY.

The central bank has already put in place the required regulatory framework which facilitates use of CNY in trade and investment transactions such as opening of letters of credit (L/C) and availing financing facilities in CNY.

It may be mentioned here that after signing a Currency Swap Agreement with People's Bank of China (PBoC), SBP had taken a series of steps to promote use of CNY in Pakistan for bilateral trade and investment with China. SBP allowed banks to accept CNY deposits and give CNY trade loans, according to the press release.

Considering the recent local and global economic developments, particularly with the growing size of trade with and investment from China under CPEC, SBP foresees that CNY-denominated trade with China will increase significantly, going forward; and will yield long term benefits for both countries.

https://tribune.com.pk/story/1599195/2-sbp-says-chinese-yuan-acceptable-bilateral-trade-investment/

BRITAIN OPEN TO FOREIGN INVESTMENT: TRADE MINISTER

Dawn, January 04, 2018

BEIJING: British trade minister Liam Fox said on Wednesday that London would continue to welcome foreign investment, after a US panel rejected a Chinese acquisition of a US money transfer company on national security concerns.

Fox was on a visit to China, the latest instalment in long-running economic talks between China and Britain, which has taken on new importance for Britain as it looks to re-invent itself as a global trading nation after leaving the European Union in 2019.

The US rejection of China's Ant Financial's acquisition of MoneyGram International Inc is the most high-profile Chinese deal to be torpedoed under the administration of US President Donald Trump.

Asked whether Britain would serve as an alternative destination for such Chinese investment, Fox told Reuters in an interview that he hoped the investment relationship would "work in two directions", but that Britain would remain open.

"Of course, we would look, as other countries would do, at our security issues in terms of investment. But the UK has traditionally been an open country, welcoming of foreign direct investment. And we'll continue to do that," Fox said.

He did not comment specifically on the US panel decision.

C.ina is one of the countries with which Britain hopes to sign a free trade pact once it leaves the EU, and London and Beijing have been keen to show that Britain's withdrawal from the bloc will not affect ties.

Fox said that the issue of China's service sector openness was a "big issue" for Britain, but that there were more options than a post-Brexit free trade agreement (FTA) to get Beijing to open, including specific service sector agreements and mutual recognition deals.

"There are a whole range of tools in the box. And people tend to talk as though an FTA is the only tool we have available in terms of trade liberalisation. It's not," he said.

The focus on a "Golden Era" of relations, trumpeted by China and Britain in 2015 when then-prime minister David Cameron hosted a state visit by Chinese President Xi Jinping, has cooled under Cameron's successor, Theresa May. In 2016, May caused a diplomatic spat by unexpectedly deciding to delay approval of a partly-Chinese funded nuclear power project. She later granted it, but not before drawing criticism from Beijing.

May is expected to visit China later this month accompanied by a business delegation, diplomatic and business sources have told Reuters, though the trip has not been formally confirmed.

https://www.dawn.com/news/1380589

February 2018

NEWS COVERAGE PERIOD FROM FEBRUARY 26TH TO MARCH 4TH 2018

EXPERTS PREDICT GLOBAL, ASIAN TRADE TO REVOLVE AROUND PAKISTAN AFTER CPEC

The Express Tribune, February 27, 2018

Economics and political experts on Monday said the world and Asian trade would revolve around Pakistan after completion of the China-Pakistan Economic Corridor (CPEC) project

"CPEC will make the country a prime choice for international investors," they said.

The CPEC projects signed during tenure of the Pakistan Muslim League-Nawaz (PML-N) government had not only enhanced the geoeconomic and political importance of Pakistan but also made the country a prime choice for local and foreign investors due to the establishment of state-of-the-art roads and railways network, establishment of industrial zones and full operationalisation of Gwadar Port, the experts said.

Senior economist, Professor Dr Muhammad Naeem said that Pakistan would become an economic and business giant in Asia after completion of CPEC projects as the world's trade would revolve around it with full operationalisation of the Gwadar Port.

Pakistan, China, Central Asian Republics, Middle East and Central Asian states, countries of African continent, Afghanistan and other regional and international countries would be directly and indirectly linked with Gwadar Port, enhancing the geostrategic and political-economic importance of the country manifolds in world.

By linking Kashgar with Gwadar Port through state-of-the-art network of roads and railway lines, he said, the CPEC project had a vast potential to inject new life into the region's economies besides making Pakistan a prime choice for investment.

He remarked that the CPEC would not only make very positive effects on the country's overall security and geostrategic importance but would make its western and eastern borders safe from external threats and hostile foreign agencies besides making it a hub of foreign investment.

“CPEC is not a myth but now a strong reality carrying immense importance for all sectors, including socioeconomic development, energy, communication, industrial, trade, transport and security perspective and its positive impact on Pakistan is numerous,” said Dr Naeem.

In the presence of massive Chinese investment, he said, “Enemy elements and hostile foreign agencies cannot dare even to cast an ugly eye on our soil as attack on Pakistan will be tantamount to an assault on China.”

Certainly, Pakistan would make a lead role in security, trade, communication and economy of the region once the Gwadar seaport was fully operational, he said, appreciating the government’s efforts for protection of CPEC projects and foreign investors in the country.

The Punjab government had raised Special Protection Unit for security of CPEC projects and Chinese nationals, enabling foreign and local investors to perform their duties without any fear.

PML-N leader MPA Rushad Khan said that the CPEC was a future project of Pakistan and it would provide equal benefits to all federating units of Pakistan, including Gilgit-Baltistan and Azad Kashmir.

He said the government had constructed international airport, hospitals, university and vocational training colleges besides laying a network of communication in Gwadar.

He said industrial zones would be established across the country as this project was focusing on construction of Gwadar Port, industrial zones, western route and overcoming energy crisis that would help generate massive employment opportunities. The project would help the country’s investment-starved economy besides bringing massive improvement in transport, economy, energy, roads and communication infrastructure of all the provinces.

The distance and space would be significantly reduced and economic and trade activities would get upward boom in the regional countries as well after completion of CPEC, he maintained.

Economic and finance expert, Sumbul Riaz said that the CPEC had immensely helped Pakistan restore confidence of international investors keeping in view its prime importance for regional and global connectivity through Gwadar Port besides would give easy access to Central Asian Republics, Afghanistan and Central Asia through enhanced communication railways and road network.

She said CPEC, being a major component of OBOR would immensely help establish global connectivity and bring people more closer with less spending on the economic front.

Pakistan was among one of the 80 countries through which OBOR would pass or would have an impact upon, adding that these countries with around 60% of global population would generate about 40% of world GDP, she added.

She said the PML-N government had made tremendous efforts for the development of the communications sector, including upgradation of railways system, construction of new motorways and highways, ports, infrastructure development, importance of Gwadar Port, addressing the issue of energy shortfall, defeated terrorism and other socioeconomic reforms and its role in CPEC was praise-worthy.

She suggested that any project under One Belt and One Road initiative should not create any distortions and a level-playing field should be provided to all investors particularly to locals so as to achieve optimum benefits and ensure its long durability for the benefit of people of the entire region.

https://tribune.com.pk/story/1645817/1-experts-predict-global-asian-trade-revolve-around-pakistan-cpec/

PAKISTAN WILL SOON BE AMONG ITALY’S TOP TRADING PARTNERS: ENVOY

The Express Tribune, March 2nd, 2018.

Pakistan would be among top 10 trading partners of Italy by the end of this year, said Italian Ambassador Stefano Pontecorvo, adding traders of both countries should take bilateral volume to new heights.

Speaking at the Lahore Chamber of Commerce and Industry (LCCI), he said, “We have set the basis for a strong position for Italian presence in Pakistan,” and more Italian companies from energy, steel, chemicals, mining and various other sectors were planning to start operations in Pakistan.

Asking Pakistan to take advantage of Italy’s technological advancement, he revealed that Italy’s per meter value addition in textile was the highest in the world and it was producing 100% energy from renewable resources.

“Italy is establishing three centres of excellence and an initial amount of $1.2 million has been allocated for this purpose,” he said.

The ambassador called for exchange of trade delegations and participation in trade fairs and exhibitions on a reciprocal basis.Speaking on the occasion, LCCI President Malik Tahir Javaid said Italy was an important trading partner of Pakistan in Europe, which simultaneously came at fourth place among top importing and exporting destinations for Pakistan in the European Union.

The balance of trade favours Pakistan and it is encouraging to see that the volume of bilateral trade is being kept above $1 billion. “We wish to maintain this favourable trend and also enhance the volume of two-way trade with the help and cooperation of individuals like you,” Javaid emphasised.

He said the worth of bilateral trade between Pakistan and Italy slightly increased from $1.1 billion in 2015 to $1.2 billion in 2016, which was due to increase in both imports and exports.

Exports of Pakistan increased from $618 million to $667 million and imports grew from $443 million to $528 million from the year 2015 to 2016.

Pakistani business community wants to develop a close liaison with the Italian Trade Commission office in Pakistan in order to exchange important information related to trade queries.

Special Economic Zones are being built under the China-Pakistan Economic Corridor (CPEC) and if Italian companies take interest, Pakistan can become a lucrative destination for them.

https://tribune.com.pk/story/1648567/2-pakistan-will-soon-among-italys-top-trading-partners-envoy/

PAKISTAN’S FREE TRADE AGREEMENT TALKS WITH TURKEY NEARING COLLAPSE
Dawn, March 3rd, 2018

Khurram Husain

KARACHI: The commerce ministry has asked the government for clearance to take a long simmering dispute with Turkey to the World Trade Organisation (WTO) after prolonged discussions on a Free Trade Agreement (FTA) between the two countries have hit an impasse.

At issue is grant of GSP+ status by Turkey that Pakistan argues is an obligation given that Turkey and the European Union are part of a customs union. The ministry is arguing that out of the countries that enjoy GSP+ status with the EU, Turkey has extended the same status to all except Armenia and Pakistan.

Also, Pakistan has asked for a reversal of a set of additional duties that the Turkish government imposed on Pakistani products having high export potential in the Turkish market back in 2011.

Ankara's refusal to grant GSP+ status at heart of simmering dispute

In the seven rounds of FTA talks held since February 2015, Pakistan has repeatedly raised the matter of additional duties but no breakthrough has been achieved.

The products in question are cotton fabrics, apparel and home textiles, carpets, manmade fibres, plastics and footwear. The additional duties range from 20 to 50 per cent, bringing the total duties on these critical products to between 28 and 67pc when combined with other duties also applicable on them.

As a result, Pakistan's exports to Turkey plummeted from $906 million in 2011 to $282m in 2017, a decline of 69pc.

The commerce ministry believes that the Turkish government is under an obligation to extend GSP+ status to Pakistan because the former is a member of the EU customs union, a demand that was first presented to the Turkish authorities in 2014. It was in response to this demand that the Turkish government proposed an FTA instead, talks for which were launched the following year.

In the seventh round of FTA talks in June 2017, Pakistan asked either for an extension of GSP+ status by Turkey or for the two countries to grant tariff concessions to each other, extending the lowest tariff that they may have granted to any other country under any FTA. For its part, the Turkish side, according to a source from the Pakistani team present at the meeting, proposed a 25pc reduction in the additional duties imposed in 2011, with the reductions spread over a five-year period and some of the duties possibly phasing out over 11 years.

Pakistan rejected that proposal, and the commerce ministry asked the top political leadership to intervene and press the Turkish side to show greater flexibility.

It suggested that if the intervention failed retaliatory tariffs could be imposed on Turkish products. None of the two recommendations were, however, adopted.

In December last year, the matter was again discussed at the meeting of the Pakistan-Turkey Joint Working Group, which is different from the FTA talks.

The Turkish side, according to the source present at the meeting, said it is not offering GSP+ status to other countries beyond those that already enjoy it.

Another attempt was made to achieve a breakthrough on the sidelines of the WTO ministerial meeting later that month in Buenos Aires, Argentina, again without any success. In fact at that event no meeting between the Pakistani and Turkish trade delegations could take place.

The FTA talks between Pakistan and Turkey have been extended twice. Originally they were supposed to conclude in 2016, but the date was extended to May 2017.

At present, no further meetings are scheduled, and the commerce ministry has formally asked the cabinet for permission to take up the Turkish refusal to either reduce its additional duties or extend GSP+ status in line with the EU, with the WTO, thereby elevating the issue to a trade dispute between the two countries.

https://www.dawn.com/news/1392850/pakistans-free-trade-agreement-talks-with-turkey-nearing-collapse

NEWS COVERAGE PERIOD FROM FEBRUARY 12TH TO FEBRUARY 18TH 2018

PAKISTAN-CANADA TALKS TO PROMOTE TRADE BEGIN TODAY
Dawn, February 12th, 2018

ISLAMABAD: Trade talks between Pakistan and Canada will open in Ottawa on Monday to promote bilateral trade to its true potential.

Commerce Minister Pervaiz Malik has arrived in Ottawa on the invitation of his Canadian counterpart Francois-Phillipe Champagne. He will discuss the whole gambit of trade relations between the two countries with the Canadian minister for international trade.

According to the information made available by the Pakistan High Commission in Ottawa, the current volume of bilateral trade increased by 133 per cent from Canadian $732 million in 2013 to $1.8 billion during the last year.

Both sides recognise that there exists a huge potential for enhancing the bilateral trade.

The two countries continue talks for a bilateral foreign investment protection and promotion agreement. Such a treaty will provide greater predictability and certainty for Canadian investors considering investment opportunities in Pakistan. Canada's objective in entering into these negotiations is to secure a comprehensive high-quality agreement which will protect investors through the establishment of a framework of legally binding rights and obligations.

Besides meeting Canadian Minister for Agriculture Lawrence MacAulay and Minister for Immigration Ahmed Hussen in Ottawa, Pervaiz Malik is also expected to meet the Canadian investors and businessmen in Montreal and the Ontario Chamber of Commerce in Toronto.

https://www.dawn.com/news/1388904/pakistan-canada-talks-to-promote-trade-begin-today

PAKISTAN, CANADA SEEK TO REMOVE HURDLES IN BILATERAL TRADE
Dawn, February 14th, 2018

ISLAMABAD: Pakistan and Canada have decided to hold a joint working group meeting next month in Islamabad to identify and remove bottlenecks in bilateral trade relations and develop partnerships in economic, trade, agriculture and investment sectors.

This was decided during a meeting between Commerce Minister Pervez Malik, Canadian International Trade Minister Francois-Philippe Champagne and Canadian Immigration Minister Ahmed Hussen in Ottawa on Monday.

Mr Malik informed the Canadian side that under the World Trade Organisation framework, Pakistan is looking for a level playing field for its exports to the Canadian market.

However, issues like travel advisory for Canadian business community to visit Pakistan and visa restrictions for Pakistani businessmen were affecting the bilateral trade. He urged for immediate removal of these irritants in order to enhance the bilateral trade volume.

Due to its prudent economic policies, Pakistan has laid the foundation of sustained economic growth and macroeconomic stability, and offers attractive trade and investment opportunities to Canadian investors and, on a reciprocal basis, seeks greater market access for its products, Mr Malik informed his Canadian counterpart.

He added that Pakistan's investment policy, characterised by liberalisation, deregulation and privatisation, is one of the most liberal ones in the region, providing a conducive environment for attracting foreign direct investment (FDI).

He highlighted the manifold increase in FDIs in energy and infrastructure projects under China Pakistan Economic Corridor and international investments in automobile, telecom, manufacturing and tourism industries in Pakistan.

The minister underlined that Pakistan meets the priority of Canada's foreign trade in consumer products, industrial machinery, ICT goods, infrastructure, mining, oil and gas, clean technologies, agriculture and education sectors. He said that with, over a 200 million consumer market and a large booming middle class, Pakistan is a promising market for Canadian goods, services and investments.

Mr Champagne expressed his gratitude to the commerce minister for accepting the invitation to hold the trade dialogue in Ottawa. He said that Canada would like to increase the trade volume between the two countries and all practical steps would be taken to enhance cooperation in areas of mutual interest.

Canada also seeks to enhance relations with emerging economies and partners in Asia and Pakistan certainly provides an opportunity for Canadian investors to benefit from an increasing demand of consumer goods and services, he added.

Mr Hussen briefed the delegation about the steps being taken to ease the visa processing for Pakistani businessmen, students and tourists. Pakistan has a great potential and Canada would like to facilitate bureaucratic procedures for all categories in order to increase people-to-people ties, he added.

https://www.dawn.com/news/1389250/pakistan-canada-seek-to-remove-hurdles-in-bilateral-trade

TURKEY WANTS EARLY FINALISATION OF FREE TRADE AGREEMENT
Dawn, February 14th, 2018

ISLAMABAD: The Turkey-Pakistan Business Council has called for an early conclusion of a free trade agreement (FTA) between the two countries in order to further improve the flow of trade and promote bilateral investments.

The council's chairman Atilla D. Yerlikaya during a meeting with Board of Investment Chairman Naeem Zamindar on Tuesday, said that the FTA would have a high impact on trade flows as well as bilateral investments.

A comprehensive FTA covering commodity and services as well as investments will deepen economic cooperation between the two countries. Mutually agreed exceptions for certain industries can be identified within the scope of a comprehensive agreement, he said.

Having significant investments in Pakistan, senior Turkish business representatives from Anadolu Group, Zorlu Holding, Arcelik, Albayrak along with other representatives from health, construction and services industries shared their plans to enhance their investments keeping in view the country's growth potential.

The council operates under the umbrella of Foreign Economic Relations Board of Turkey (DEIK), a private sector institution, aiming to pave the way for development of Turkey's economic, commercial, industrial and financial relations with foreign countries and international business communities.

He further said that he strongly believed that both business communities have to contribute to these negotiations in order to define the right scope to reduce bilateral trade and investment barriers.

The head of Turkish delegation said that DEIK extends cooperation to other countries through the business councils working in 127 countries and is eager to introduce the Turkish business community in Pakistan.

Earlier, Mr Zamindar informed the Turkish delegation that the government was encouraging investors to invest in Pakistan, especially in the nine Special Economic Zones (SEZs) identified in China-Pakistan Economic Corridor (CPEC).

For upscaling investments and spur industrialisation through creating new industry clusters, SEZ law has been formalised to meet the global challenges of competitiveness. SEZ framework facilitates such parks with liberal incentives, infrastructure and investor assistance services to enhance productivity and reduce the cost of doing business, he explained.

He further said that Pakistan offers exemption from custom duties and taxes for all plants and machinery imported into Pakistan as well as income tax holiday for ten years in the SEZs. He invited Turkish investors to invest in all sectors of Pakistan, specifically in agriculture machinery pharmaceutical, mining, to further boost the investment and trade relations between the two countries.

He added that Pakistan needs a shift from resource-based and low technology exports to the adoption and development of medium and high-technology productions, and technological sophistication. Almost 80 per cent of Pakistan's exports are resource-based items, he said.

https://www.dawn.com/news/1389245/turkey-wants-early-finalisation-of-free-trade-agreement

APPROVAL FOR DRAFT TRADE POLICY SOUGHT
Dawn, February 15th, 2018

Mubarak Zeb Khan

ISLAMABAD: The Commerce Division is seeking approval of the federal cabinet on a draft trade policy for 2018-23 before the PML-N government completes its term.

After approval from the cabinet, the draft policy will be placed before the next government's cabinet for its implementation. The next government, which will be formed after general election will have the full mandate whether to adopt this policy fully, partially or amend it.

The division has already initiated seeking proposals from all stakeholders since October 2017 and is expected to complete the first draft of the five-year Strategic Trade Policy Framework (STPF)-2018-23 up to April. The division has received more than 1,000 proposals so far.

The new policy will revolved around eight pillars – institutional strengthening, trade promotion and branding, trade facilitation, marketing access and regional connectivity, services strategy, product development, compliance and gender mainstreaming.

The five-year plan seeks to increase exports to $61bn by 2023

As part of an outreach programme to finalise the draft, Secretary Commerce Younus Dagha said the proposed policy would now also include services, export competitiveness and investment linkages, particularly FDI in the export oriented sectors.

He said integration of local industries into the global value chain will provide equal and better opportunities for women entrepreneurs. Small and medium enterprises will also be part of the new policy, he added.

Mr Dagha further claimed the policy will set the direction of exports on a path of continued recovery and sustainable development, capable of changing the socio-economic profile of the country and bringing positive changes in the living standards of the people.

Since 2009, the government has announced three STPF but most part of these policies remained unimplemented. The export target announced in these policies was also not materialised. The current STPF 2015-18 will complete its term in June 2018.

Despite this hard fact, the new policy also comes up with a claim to increase exports to minimum $36.2bn by the year 2023 and a maximum of $61bn.

The proposed STPF will include three policy initiatives-short, medium and long terms. In short term, measures will be taken for recovering export loss by increasing competitiveness.

In medium term, several measures will be taken for leveraging strength of existing sectors, attract export oriented investment, and encourage product sophistication.

In long term, the focus will be on structural reforms for product diversification into innovation based sectors.

Currently, more than 70 per cent exports are concentrated to three products. The destinations for Pakistani products are also limited as 60pc of total exports landed just in five markets.

The Commerce Division claimed that a double digit growth will be recorded in the remaining months of the current fiscal year. Since June 2017, exports have been witnessed on average 10pc growth.

For improving market access for exporters, negotiations are being pursued vigorously with China, Indonesia, Thailand and Turkey on revising terms of FTAs and PTAs. “New PTAs are being initiated with African, South American, and some other countries as well”, he said.

https://www.dawn.com/news/1389423/approval-for-draft-trade-policy-sought

PAKISTAN, TURKEY DISCUSS TRADE, ECONOMIC COOPERATION
Business Recorder, 15 February 2018

LAHORE: Pakistan and Turkey relations would continue to grow from strength to strength to serve as a powerful factor for stability and prosperity in the region and beyond” said Atilla D Yerlikaya Chairman, DEIK Turkey-Pakistan Business Council while visiting Lahore for a Pakistan-Turkey Business Forum.

The two sides exchanged views in order to further deepen the ties, especially for the development of bilateral trade and economic cooperation between Pakistan and Turkey. According to the spokesperson for the PBIT a Turkish delegation led by Atilla D Yerlikaya Chairman Turkey-Pakistan Business Council, includes around 16 senior Turkish business representatives from Zorlu Holdings, Anadolu Group, Arcelik, Havelson and Albayrak along with representation from Health, Services &/ Construction sector.

Punjab Board of Investment and Trade (PBIT) organised Pakistan-Turkey Business Forum in honour of high-level Turkish delegation headed by Atilla Demir Yerlikaya, who is Chairman Turkey-Pakistan Business Council, Turkey’s Foreign Economic Relations Board (DEIK) &Director Coca Cola Group Corporate Affairs.

Speaking on the occasion Atilla Demir Yerlikaya stated that notable progress has been made on cooperation in diverse fields including infrastructure development, health, communications, media and culture, and bilateral investments. He said that the bilateral relations are expanding gradually and are expected to grow manifolds.

While addressing the Business Forum Advisor to Chief Minister Khawaja Ahmad Hassan and CEO PBIT, Jahanzeb Burana and Khawaja Hassan said that we should focus on strengthening and expanding trade and economic cooperation between Pakistan and Turkey.

They also said that PBIT has successfully represented Punjab in foreign business seminars and has been successful in bringing home major investments from all around the globe.

They invited Turkish investors to explore multiple business opportunities in Pakistan especially in Punjab and promised that provincial government in Punjab would facilitate them in every way.

https://epaper.brecorder.com/2018/02/15/13-page/700017-news.html

PAKISTAN DESIROUS OF PROMOTING TRADE TIES WITH CANADA: MINISTER
Business Recorder, 16 February 2018

ISLAMABAD: Commerce Minister Pervaiz Malik met with Ontario's Minister for International Trade, Michael Chan and discussed trade relations between Pakistan and Ontario province.

The minister briefed the Minister of International Trade on the economic progress that Pakistan has made in recent years as a result of economic reforms undertaken by the government. He also highlighted trade and investment opportunities that are available in Pakistan.

The commerce minister said that he held very useful meetings with Federal Cabinet Ministers including Minister for International Trade Francois-Philippe Champagne. He said that Pakistan is desirous of promoting trade relations with Canada through market access, exchange of business delegations and cooperation between the Chambers of Commerce & Industry of both the countries. He added that improved security situation in Pakistan is leading to increased FDI inflows.

"Ontario has the largest concentration of Pakistani immigrants and we feel that it can play a vital role in enhancing trade relations", the Minister added.

The Commerce Minister said that Ontario is home to a vibrant work force and dynamic business community, and Pakistan would like to build secure and stronger trade relations with the Province.

Minister Chan appreciated the role played by vibrant Pakistani community in development of Greater Toronto Area (GTA). He said that the Provincial Government would like to encourage Pakistan businessmen and students to come to the Province, which welcomes foreign investors and international students.

Minister Chan informed the visiting minister that Canada is a trading nation and Ontario being the largest province largely depends on international trade. He added that Canada wants to expand and diversify its trading partners in Asia including Pakistan.

In addition to the manufactured products, he identified education, health and ICT as the potential areas of mutual cooperation.

Minister Chan agreed with Minister Malik's proposal that there is a need to enhance Business-to-Business interaction between the two countries to increase the trade flows. It was felt that frequent exchange of business delegations would help in bringing down trade barriers.—PR

https://epaper.brecorder.com/2018/02/16/7-page/700155-news.html

NEWS COVERAGE PERIOD FROM FEBRUARY 5TH TO FEBRUARY 11TH 2018

'NON-MUSLIM STATES CONTROL 80PC OF WORLD HALAL TRADE'

Business Recorder, 7 February 2018

KARACHI: Former vice president of FPCCI, Saquib Fayyaz Mango has said that Pakistan has a great opportunity to get a big share in the global halal market.

"Major shortcoming that Pakistan's halal sector faces is the absence of strong regulatory mechanism," he said, speaking at a seminar. However, he hastened to add that steps were being taken to fill this vacuum. He cited that Ministry of Science and Technology had drafted a bill aimed at establishing the Pakistan Halal Authority at the federal level to promote halal products by ensuring compliance with Shariah.

He said that the global Muslim population constitutes 24% of the total world population but in fact more than 80% of the world halal trade is dominated by non-Muslim states.

"World's leading suppliers for Halal products including high quality meat, poultry, dairy products and other foods are Australia, Brazil, Canada, Indonesia, India, Malaysia, Philippines, Thailand, New Zealand and USA," he said, adding that there was an estimate that Halal products trade in all over the world amounted US$2.27 trillion.

He said Halal products now covered a complete range of products that were being offered in supermarkets, 5-star hotels, restaurants, fast food chains, airline meals, school dinners. He said that now it has become a lifestyle choice that included personal hygiene, healthcare products, cosmetics, etc.

https://epaper.brecorder.com/2018/02/07/7-page/698379-news.html

PAKISTAN, JORDAN AGREE TO EXPAND TRADE

Dawn, February 9th, 2018

ISLAMABAD: Pakistan and Jordan on Thursday agreed to enhance bilateral trade as King Abdullah II Ibn Al Hussein opened his two-day working visit to Pakistan.

Soon after his arrival, King Abdullah went for a meeting with Prime Minister Shahid Khaqan Abbasi at the PM House where a formal reception ceremony was held.

The Jordanian king is visiting Pakistan after 11 years on the invitation of President Mamnoon Hussain. He is leading a high-level delegation of Jordanian officials. The Foreign Office said Jordanian monarch's visit would provide an opportunity to strengthen cooperation in expanding bilateral trade and enhancing investments in Pakistan.

During the meeting between Mr Abbasi and King Abdullah, it was agreed that bilateral trade needed to be increased to a level that is commensurate with the level of political ties between the two countries that enjoy commonality of views on several regional and international issues and matters concerning the ummah.

The current bilateral trade volume is $75 million.

Jordan also agreed on investment in Pakistan.

The two leaders reviewed situation in the Middle East in the aftermath of President Trump's decision to recognise Jerusalem as the capital of Israel.

Mr Abbasi expressed Pakistan's unequivocal support for the just cause of Palestine and reiterated Pakistan's rejection of the US decision, the PM Office said.

King Abdullah is the custodian of Al Aqsa mosque in Israeli-annexed East Jerusalem.

Pakistan and Jordan signed an agreement pertaining to ‘Civil Protection and Civil Defence’, while the Ministry of Housing and Works of Pakistan and the Ministry of Public Works and Housing of Jordan inked a memorandum of understating.

https://www.dawn.com/news/1388285/pakistan-jordan-agree-to-expand-trade

CENTURIES ON, BARTER TRADE THROUGH WAKHAN CORRIDOR CONTINUES
Dawn, February 9th, 2018

WAKHAN: Trader Afzal Baig tugs at his horse, frustrated by its stubborn refusal to take another step along a treacherous, snow-covered mountain pass that is peppered with the skeletons of those who have already failed the journey.

The Irshad Pass, a narrow trail more than 16,300 feet above sea level, is part of the ancient Silk Road network, used for centuries by traders from northern Hunza valley to cross the Karakoram mountains into Afghanistan’s windswept, barren Wakhan Corridor.

One wrong step through the ragged mountains can end in a fall of thousands of feet, and as Baig’s horse refuses to budge a blizzard is growing.

“Don’t trust this route,” Baig tells those in his group. “It can betray you anytime.”

They are riding to meet the Wakhi tribe, inhabitants of the remote corner of Afghanistan, who will barter yaks and cattle in exchange for the traders’ wares.

It is a treacherous journey made by only a handful of people each year through the “Pamir Knot”, where three of the highest mountain ranges in the world converge.

Baig knocks snow from the horse’s shoe, and the party resumes their careful journey. The storm has reduced visibility to just a few feet forcing each man to follow the sound of the horse in front of him.

Human skulls and other bones are scattered in caves along the route, skeletons that Baig says are the remains of other traders.

He has already lost six of his travel partners, buried in avalanches along the trail. Three of them were killed in one accident, their bodies not found for nearly a year.

Baig’s customers in Wakhan have no money, but neither does he. The basic currency unit is livestock. Three warm hats equals to one sheep, half a dozen plastic watches equal two sheep or a goat, and 10kg of tea or 5kg of flour equal to one yak.

A secondary currency is yak butter, stored in the stitched stomach lining of a dead goat or a sheep. Highly prized, one such package can be traded for 10 packets of cigarettes, or three pairs of shoes, or six to eight pairs of socks.

“I hope to get three yaks,” Baig says after the group make camp later that night.

Trade with the people of the Wakhan Corridor is his “ancestral legacy”, he explains. His elder brother and his father both walked these trails before him until old age finally brought their trading to a halt.

The residents of Hunza, once a princely state that now forms part of Gilgit-Baltistan, say barter trade with Wakhan is a centuries-old tradition that has helped cement peace between them.

Aziz Ali Dad, a social anthropologist who has studied the tribes of the mountainous region known as High Asia, describes the present-day barter trade as a small artery of the Silk Road.

“In the old days, the tribes on the border of China, Tajikistan, Afghanistan and Pakistan used to trade with each other,” Dad says.

The Soviet invasion of Afghanistan ended most such interactions. But the route between Wakhan and Hunza survived, he says, largely because trails such as the Irshad Pass are one of the few ways in and it is mainly those with a historic connection that dare to travel them.

“The people on both sides of the border share the same culture, the same language and kinship, which is an added advantage,” Dad explains.

As Baig reaches the first settlement in Wakhan, men and women rush to him.

The men hug him and take the reins of his horse while the women kiss his hands, a traditional greeting of the Wakhi tribe.

“Did you bring me the buttons that I asked you for last year,” one woman asks eagerly as she serves him tea.

The women of the Wakhan Corridor have a strange relationship with time: many of them do not know how old they are, but plastic watches brought by the traders are their most cherished ornaments.

Brightly coloured objects — from plastic buttons and bottles to nail clippers — can all be sewn onto women’s clothes as decoration.

One woman already wearing four plastic watches on one arm asks Baig if he has any more.

“I need some for the other arm, may be three or four,” she says.

The woman’s family trades a yak, a packet of butter and four sheep for buttons, watches, six pairs of socks and some woollen hats.

Two other yaks are given on credit. A male member of the family will travel to Hunza this year and return with flour and rice.

“This is based on trust (that) has existed as long as the trade itself.”

https://www.dawn.com/news/1388279

CHINA AGREES TO ACCOMMODATE PAKISTAN’S CONCERNS ON FTA
Dawn, February 9th, 2018

KARACHI: After intense negotiations, China on Thursday agreed to accommodate the demands of Pakistani exporters in the amended Free Trade Agreement (FTA) which is expected to be signed in March, a press release issued by the Ministry of Commerce said.

The demands and concerns of local exporters were shared during the 9th round of two-day negotiations on China-Pakistan Free Trade Agreement which began on Wednesday.

The Pakistani delegation was led by Secretary Commerce Mohammad Younus Dagha while the Chinese side was headed by Vice Minister for Commerce Wang Shouwen.

The demands included provision for tariff concessions equivalent to Asean countries.

Mr Dagha suggested incorporating clauses for safeguarding Pakistani industries and the economy from any undue pressure on the balance of payments position, the release said.

Various industries and chambers provided input to the commerce ministry during pre-negotiation consultations for protection of the local industry from Chinese imports by disallowing tariff concessions on several products.

The negotiations to finalise the FTA with China began in 2012 but dragged on since then. Industry leaders have complained along the way that the FTA, originally signed in 2006, has left them at a disadvantage against their Chinese competitors. Between 2012 and 2017, for example, Pakistan's trade deficit with China tripled, going from $4 billion to $12.7bn.

Various domestic business groups have complained that products in which Pakistan enjoys a competitive advantage are not covered by the Chinese side, which enjoys far wider access to Pakistan's markets.

China is now the largest source of Pakistan's imports, which stand at 29pc of total imports. A recent paper released by the State Bank of Pakistan states that more than half of the country's imports of electrical equipment and machinery come from China.

Under the 2006 FTA, China granted concessions on 7,550 tariff lines to Pakistan of which 35pc of the products covered by those lines were zero rated, according to the SBP study. "However, 15pc of the products were given no concession, which include fish, cotton, paper, plastic and textile items."

Pakistan gave concessions on 6,803 tariff lines to China in that same agreement, where electric and electronic products, machinery and chemicals and other raw materials were zero rated. "Pakistan excluded a list of products (92 tariff lines), which mainly include alcohol, drugs, arms and ammunitions", the State Bank report says.

It attributes the surge in imports from China mainly to growing imports of machinery as well as the diversion of imports from other trading partners.

A similar study by the Pakistan Business Council, an advocacy group consisting of the largest manufacturing houses of the country, claims that "China actually has the ability to absorb nearly all of Pakistan's exports" since the indicative potential of exports is slightly above $20bn. "[I]t is strongly recommended that Pakistan's top-performing exports to China should be added to the tariff concession/elimination lists, while Pakistan should also aim to divert more high-potential exports towards China," the report, which was released in November 2016, says.

"Those imports which are harming local industries and manufacturers should be monitored carefully, and added to Pakistan's protected list."

It also calls for reform of data reporting standards in both countries, noting large discrepancies in the bilateral trade data reported by both countries. In the case of Chinese imports into Pakistan, for example, it says the discrepancy is as large as $5.5bn, "due to possible under-invoicing, which would mean that severe revenue losses and tax evasion are taking place."

https://www.dawn.com/news/1388207

CPFTA TALKS GET NOWHERE
Business Recorder, Feb 10th, 2018

The 9th round of parleys on China Pakistan Free Trade Agreement (CPFTA) known as phase-II held in Beijing remained inclusive as Pakistani team did not have the mandate to agree on things beyond its authority, well-informed sources in Commerce Ministry told Business Recorder. “Nothing is finalized in this round. All issues discussed with Chinese are subject to further discussions and agreement by either side,” the sources added.

According to an official statement, during the 9th round of negotiations the Pakistani delegation led by Secretary Commerce Younus Dagha, demands of Pakistani exporters and industries for accommodating in the final draft of the CPFTA were presented including those from exporters to provide tariff concessions equivalent to the ASEAN countries. Various industries and chambers had provided input to the Ministry of Commerce during pre-negotiation consultations, for protection of local industry from Chinese imports by disallowing tariff concessions on several products.

The Secretary Commerce also suggested incorporating clauses for safeguarding industries and the economy from any undue pressure on the balance of payments position. The Chinese side also agreed on Electronic Data Exchange which will help limit the chances of under-invoicing, another major concern of the Pakistani industry.

The Chinese side was led by Wang Shouwen, Vice Minister, Ministry of Commerce, Peoples Republic of China and comprised of 16 officials of various Chinese Ministries. The sources said, EDI system is almost finalised and trial will start by mid of next month whereas final implementation of this system will commence in April. With the implementation on EDI system, the issue of under-invoicing and difference in trade figures between the two countries will be resolved.

According to sources, safeguard measures and Tariff Related Modalities (TRSM) were discussed but not finalised. Pakistan proposed liberalisation of 75 per tariff lines with 25 per cent on the sensitive list including a 5 per cent Margin of Preference (MoP). The sources further stated that investment issue also came under discussion. Chinese Director General Investment was requested to bring his delegation to Pakistan for further deliberations.

The lists of categories would be reviewed in the 9th round of discussions. Pakistan has requested five items for drawback. One of the major demands of Pakistan, ie, zero duty on 68 items of its interest to further proceed on phase-II remained inconclusive.

“The list has been reduced to 57 items from 68 items but nothing has been finalised in this round. The list will come under consideration in the next round to be held next month in Islamabad” , the sources continued. The official statement claims that after intense negotiations for two days, the Chinese side agreed to accommodate the concerns and demands in the amended FTA which is expected to be signed in March when the Chinese Vice Minister will visit Islamabad along with his delegation.

“Chinese take decisions very slowly; and always de-track,” sources maintained. FTA-II negotiations began in 2012 to finalize the revised version of CPFTA.

https://fp.brecorder.com/2018/02/20180210342596/

PAKISTAN ENDURES HISTORIC HIGH IMPORT BILL OF $5.6B IN JANUARY
The Express Tribune, February 10th, 2018.

Pakistan seems to have its work cut on the external trade front, as its monthly import bill for January jumped to a record $5.6 billion – highest in history – with the trade deficit widening to $21.5 billion for the seven months of the ongoing fiscal year.

Despite imposition of regulatory duty on hundreds of tariff lines and putting in place non-tariff barriers for half the seven-month period, which the court has now overruled, Pakistan saw its January import bill surge 14.2% month-on-month. Exports during January also dipped 0.3%, amounting to $1.97 billion compared with December's figure, widening the month-on-month trade deficit by 24% to $703 million.

The development is alarming for Pakistan's policymakers as the import bill surged after the central bank allowed the rupee to depreciate by over 5% during December. It also comes at a time of declining foreign exchange reserves that have come under pressure due to external debt servicing and repayments.

On a cumulative basis, the trade deficit – gap between exports and imports – during July-January was equal to 84% of the government's annual target of $25.7 billion, destroying official projections of current account deficit and foreign currency reserves.

The value of goods imported exceeded the value of those exported by $21.55 billion in the July-January period, reported the Pakistan Bureau of Statistics (PBS) on Friday.

Exports in July-January period increased by 11.11% to almost $13 billion but these are only equal to 56% of the annual export target of $23.1 billion. In absolute terms, export receipts were up by $1.3 billion during the first seven months.

The value of imports stood at $34.5 billon, which was 18.9% or $5.5 billion higher than the import bill booked during the first seven months of the last fiscal year. The seven-month import bill was equal to 70% of the annual target.

The current trade deficit is already placed on a higher base, as Pakistan closed the last fiscal year at a record $32.4-billion deficit. The level also indicates that this year the current account deficit would remain far higher than official projections of $9 billion.
The government had made macroeconomic projections on the basis of conservative growth in imports and higher growth in exports, which showed external financing requirements at the lower end.
However, the country's external account started depicting a negative picture immediately after the start of the new fiscal year. The country booked a record six-month current account deficit of $7.5 billion during the first half of the fiscal year, which was largely financed by using official foreign currency reserves.

The official gross foreign currency reserves held by the State Bank of Pakistan have already slipped to $13.1 billion despite $5.5 billion in loans during the first six months of the fiscal year. By excluding domestic commercial bank borrowings, the net SBP reserves are not more than $7 billion.

On a year-on-year basis, Pakistan's exports grew to $1.97 billion in January over the same month of the previous fiscal year, according to the PBS. Exports were higher by 11.04% or $196 million over the receipts of January 2017.

Imports grew at almost double the pace, increasing 18.9% in January. The import bill was $910 million more than that of January 2017. Consequently, the trade deficit widened 24.44% or $3.63 billion in January over the same month of the previous year. In absolute terms, the deficit was higher by $714 million.

https://tribune.com.pk/story/1630951/2-pakistan-endures-historic-high-import-bill-5-6b-january/

March 2018

NEWS COVERAGE PERIOD FROM MARCH 26TH TO MARCH 31ST 2018

US ADDS SEVEN PAKISTANI COMPANIES TO EXPORT CONTROL LIST

Vaqas Asghar

The Express Tribune, : March 25, 2018

The US Department of Commerce (DoC) has added seven Pakistani companies to a list of foreign entities that are subject to stringent export control measures.

The Pakistani companies are among 23 additions to the Entity List of the Export Administration Regulations (EAR) which is managed by the DoC's Bureau of Industry and Security.

The other companies added to the list include a Singaporean affiliate of a Pakistani company, and 15 entities from troubled South Sudan. The additions were published in the Federal Register on Thursday.

The list identifies entities "reasonably believed to be involved, or to pose a significant risk of being or becoming involved, in activities contrary to the national security or foreign policy interests of the United States".

Three of the companies were listed for "their involvement in the proliferation of unsafeguarded nuclear activities that are contrary to the national security or foreign policy interests of the United States."

Two were found procuring supplies for nuclear-related entities already on the list, and two others are suspected to be fronts for already-listed entities.

Some media reports suggest that additions could affect Pakistan's chances of joining the elite Nuclear Suppliers Group (NSG).

Although China and Turkey have cited procedural issues in adding new members to the NSG, both have underlined the right of Pakistan to aspire to become a member of the club, which works on the principle of consensus to accept new members.

Earlier, International Atomic Energy Agency (IAEA) Director-General Yukiya Amano said he was highly impressed by the standards Pakistan is maintaining at the various civilian nuclear facilities and installations that he recently visited in Pakistan.

Amano, while addressing a seminar in Karachi, told the audience, "Your country [Pakistan] is an experienced user of peaceful nuclear technology."

The IAEA chief, while summing up the visits he made during his three-day trip, said, "Everywhere [I went] it was clear you [Pakistan] have the knowledge and the pool of people who are dedicated to do this job."

While speaking about his visit to the under-construction facilities, the IAEA chief remarked, "You [Pakistan] are taking a lot of care for the safety and security of the plants."

Nuclear neighbours Pakistan and India have both shown interest in being added to the NSG, but both are not signatories to the Non-Proliferation Treaty (NPT), which is a hurdle as all other members of the export control regimes are part of the NPT.

Inclusion in the Entity List is considered the 'highest level of red-flag' that there is the US export control regime aimed at preventing misuse or repurposing of American dual-use technology (equipment or technology that can be used for both civilian and non-civilian purposes) for undeclared use, mostly military.

Entities on this list – businesses, research institutions, government and private organisations, individuals – are required to seek a licence from the US government to purchase items subjected to EAR, which, it is generally presumed, will be denied to them.

The Pakistani companies on the list include Akhtar & Munir, which has an office on Adamjee Road in Lahore; Proficient Engineers, which has an office in New Garden Town in Lahore; Pervaiz Commercial Trading Co, with an office in Lahore's Model Town area. Another company on the list is Engineering and Commercial Services, with an office in F-10 Markaz, Islamabad; and Marine Systems Pvt Ltd, with an office in Blue Area, Islamabad.

The last two companies have multiple addresses. Mushko Electronics Pvt Ltd has two offices on Abdullah Haroon Road, one on Main Boulevard in Gullberg-III, Lahore, and two separate offices in Blue Area, Islamabad. It also has a Singapore-based affiliate named Mushko Logistics Pte Ltd with four addresses listed, two at Pemimpin Drive one on Pandan Road, and one on Lakeside Drive.

The last company, Solutions Engineering Pvt Ltd, has been identified as having two aliases – Solutronix Engineering Pvt Ltd, and Solutronix Pvt Ltd. Its listed address include Lahore's DHA Phase 8, PAF Colony, Begum Salma Tassadaq Road, on The Mall, at Gohawa Dakkhana, Bhatta Kohaar, Lahore, and Sehajpal Village, along with other offices in Islamabad's F-10 Markaz and at The Mall in Rawalpindi.

https://tribune.com.pk/story/1668993/1-us-adds-seven-pakistani-companies-export-control-list/

PAKISTAN TO SEEK ZERO-RATED DUTY ON EXPORTS TO CHINA
Dawn, March 28th, 2018

Parvaiz Ishfaq Rana

KARACHI: Federal Secretary Commerce Mohammad Younus Dagha said on Tuesday that Pakistan is going to seek zero-rated duty on exports to China for which second round on Free Trade Agreement (FTA) will be held next month.

He was speaking at the inaugural session of the 19th International Textile Asia Exhibition. Over 450 companies from around the world are showcasing their products at 800 stalls being held from March 27-29 at Karachi Expo Centre.

Around 1,200 foreign delegates representing countries such as China, Korea, France, Germany, Italy, Vietnam, Turkmenistan are presenting their products including hi-tech textile machinery.

However, the biggest delegation has come from China and many have shown interest in relocating their textile units to Pakistan or are interested in entering into joint ventures. The Chinese are keen to bring their machinery for producing quality textile goods in return for local set-up, like factory premises.

The commerce secretary said that massive under invoicing on imports from China would be checked so that Pakistani exporters get equal benefit.

He added that Pakistan needs foreign investment and the government would encourage any sector which helps increase external trade and boost exports.

He admitted that issues like market access, high cost of doing business and exchange rate are retarding the exports growth. However, the government is working on these issues and has already devalued the rupee by up to 10 per cent.

Exports could not increase if they are costlier than imports and therefore balance has to be maintained in the exchange rate of currencies, he added.

Nevertheless, he said that the package given to exports under the PM package in the shape of Duty Drawback on Taxes (DDT) has helped growth of textile exports between January and February.

Similarly, he said the extension given by the European Union (EU) over GSP+ has helped increase exports of value-added textile goods by up to 90pc. As a result, total exports grew by 13pc during July-Feb period of the current fiscal.

Responding to a question, he said, that export target of $23.1bn for current fiscal will be achieved and the government is working on the five-year Strategic Trade Framework, under which themes like branding, gender equality and promotion of small and medium enterprises (SMEs) will be pursued.

https://www.dawn.com/news/1397996

US, CHINA TUSSLE AT WTO OVER LEGALITY OF TRUMP TARIFFS
Dawn, March 28, 2018

GENEVA: The United States sparred with China at the World Trade Organisation (WTO) on Tuesday over the legality of US tariffs in response to alleged theft of US intellectual property.

US President Donald Trump signed a presidential memorandum last week proposing tariffs on up to $60 billion of Chinese goods over what his administration says is misappropriation of US intellectual property. The tariffs would follow a 30-day consultation period that starts once a list of targets is published.

Chinese officials raised the US move at a meeting of the WTO's dispute settlement body and indicated that China strongly opposed the unilateral action, according to a trade official who attended the meeting.

The US tariff plan is based on Section 301 of the 1974 Trade Act that was the subject of a European Union complaint to the WTO two decades ago.

In its 1999 ruling on that dispute, a WTO panel said that economically powerful countries must not threaten others with unilateral action.

"Merely carrying a big stick is, in many cases, as effective a means to having one's way as actually using the stick," the WTO ruling said.

However, the panel also said the US law conformed to WTO rules because the United States had "explicitly, officially, repeatedly and unconditionally" confirmed it would only employ Section 301 tariffs based on the outcome of a WTO dispute.

China told Tuesday's WTO meeting that if the United States repudiated the pledge it made during the 1999 dispute hearings, its laws may no longer be in conformity. Current US actions could have profound implications for the WTO system, the Chinese official said.

On Monday China's ambassador called on other WTO members to join opposition to the Section 301 tariffs and "lock this beast back into the cage of the WTO rules".

Last week he told Reuters that China was considering a WTO complaint and other options against the US tariffs.

A US official at Tuesday's meeting responded by noting that the United States launched a WTO complaint last week about Chinese licensing practices that the US says appeared to violate the WTO's intellectual property agreement.

The other US accusations against China — including unfair support of investment in US assets to obtain technology — did not seem to involve the WTO, the US official told the meeting.

Only two other WTO members weighed in to the debate, the trade official said.

The official said Pakistan warned that use of Section 301 could have serious consequences for developing countries and lead to an escalation of current tensions, while Japan agreed with the US view of the importance of intellectual property protection but that trade measures must be in line with the WTO.

German Chancellor Angela Merkel called for dialogue on trade policy between the European Union and the United States in a telephone call with US President Donald Trump on Tuesday.

Trump last Thursday temporarily excluded the EU, the United States' biggest trading partner, and six non-European countries from higher US import duties on steel and aluminum.

"The chancellor called for a dialogue process between the European Union and the United States on trade policy, taking into account the rules-based international trade system," German government spokesman Steffen Seibert said in a statement.

Seibert said Merkel and Trump had also affirmed their solidarity with Britain following a nerve gas attack that targeted a former Russian double agent in England.

https://www.dawn.com/news/1397990/us-china-tussle-at-wto-over-legality-of-trump-tariffs

INDIAN ENVOY SAYS TRADE WITH PAKISTAN CAN RISE TO $30BN
Dawn, March 31st, 2018

Khalid Hasnain

LAHORE: Indian High Commissioner Ajay Bisaria on Friday said that India and Pakistan must make the future different from the past since both countries could take the bilateral trade up to $30 billion if they improved relations.

"Removal of non-tariff barriers, liberalisation of visa and normalisation of mutual relations can bring the trade between the two countries to the height of $30bn," the Indian diplomat said while speaking to office-bearers of the Lahore Chamber of Commerce and Industry (LCCI).

Mr Bisaria urged both countries to avoid carrying the burden of history, saying that mutual relations should be built on the basis of trade and economy and must be away from violence and war. "We should not talk about negative and positive lists; rather we should work on the windows of opportunities," he said.

Both countries urged to avoid carrying the burden of history

Two-thirds of the population of India were below the age of 35 while 65pc of Pakistan's total population was under the age of 35, he said, adding that both countries had a lot of potential to cater to each other.

The Indian diplomat said that there was no better way of improving relations than mutually beneficial economic ties. The two countries, he said, were required to take more steps to remove non-tariff barriers which were a major impediment to bilateral trade relations. At present, over $5bn trade was being done through a third country, Mr Bisaria pointed out.

"Chambers of commerce and industry in both countries are the most important lobby, as they cannot only play an instrumental role in strengthening mutual trade and economic ties but also influence the policy-makers," the diplomat maintained.

Speaking on the occasion, LCCI President Malik Tahir Javaid said that presently an unfavourable situation had developed both at the political and diplomatic fronts.

"We have been witnessing these cycles time and again that first there is a trust deficit and some joint efforts are made for trust-building then a bad incident happens and we end up yet again at trust deficit," he said.

The LCCI chief said one such incident must not halt the process of building relations. Both India and Pakistan should give peace another chance to prevail in the region for our youth and coming generations.

https://www.dawn.com/news/1398641

NEWS COVERAGE PERIOD FROM MARCH 19TH TO MARCH 25TH 2018

MORE OPEN TRADE MAY HAMPER CHINESE INVESTMENT IN SEZS
The Express Tribune, March 21st, 2018.

Beijing's push for further trade liberalisation under second phase of the Pakistan-China free trade agreement (FTA) may severely dampen prospects of Chinese investment in prioritised special economic zones (SEZs) being set up under the China-Pakistan Economic Corridor (CPEC).

It would be convenient and cheaper for Chinese companies to manufacture in China and import products into Pakistan at zero duties, which would render the SEZs useless, said sources in the Board of Investment (BOI).

This will also dash Pakistan's hopes of starting a new wave of industrialisation as almost 60% of the national output is contributed by the services sector which is not job-oriented. This means Pakistan is en route to becoming a trading nation.

Another worrisome aspect of the proposed second phase of the FTA, called FTA-II, is that it is shrouded in secrecy. Both the Federal Board of Revenue (FBR) and the BOI were not aware of the tariff lines on which the commerce ministry wanted to slash duties to zero, said sources in the two organisations.

The timing of the FTA-II is also a matter of concern for some government agencies as Pakistan is not yet ready for further open trade due to a lack of product diversification and high cost of doing business.

However, commerce ministry spokesperson Mohammad Ashraf insisted that the ministry would not sign the FTA unless every stakeholder was on board including the BOI and FBR. The FBR wants to sign the expanded FTA next month when Prime Minister Shahid Khaqan Abbasi will visit Beijing.

Reportedly, Pakistan has agreed to offer zero duties on 75% of tariff lines, which constitute roughly 5,340 out of total 7,120 tariff lines. About 35% of tariff lines were already subjected to zero duties, which have caused huge losses to the domestic industries.

Pakistani manufacturers have even started importing goods from China and selling them as 'Made in Pakistan' products by placing their stamps on them, according to proceedings of a meeting of the Senate Standing Committee on Finance.

However, the commerce ministry spokesman said negotiations with China were still under way and it would be premature to say how many tariff lines would come under zero duties. “Pakistan has not yet shared final offer list with China,” he said.

The FBR has two main concerns. Firstly, it believes that the proposed 75% reduction in customs duty will adversely hit its revenues.

But Adviser to the Prime Minister on Finance Miftah Ismail said on Friday the government would not care for the revenue loss because the FTA-II would help increase Pakistan’s exports to China from the current $1.5 billion to $9 billion. The FBR’s second concern, which was also shared by the BOI, is the expected negative impact on the domestic industries.

Under the second phase of CPEC, industrial cooperation is expected to expand through the prioritised SEZs across Pakistan. However, according to the sources, Chinese companies will not set up their units in Pakistan when they can sell their goods at zero duties and will have better facilities and ease of doing business in China.

A few months ago, the BOI had asked the commerce ministry for a coherent investment policy so that negative effects of the FTA-II could be minimised, said BOI sources. The commerce ministry agreed, but did not frame a joint policy, they added.

A report of the State Bank of Pakistan (SBP) underlined that CPEC may see relocation of complete industrial units and transfer of technology – include low-end textile manufacturing and basic food processing units – from China to Pakistan.

It added that fertiliser, steel, automobile, chemical, plastic (toys, sanitation and pipes) and manufacturing industries may also see a similar trend.

But all this is now at stake due to the FTA-II, said the sources. China-Pakistan trade volume, which stood at $4 billion a year before signing the FTA in 2008, peaked to $15.6 billion in 2016-17. Pakistan’s exports were only $1.5 billion in the last fiscal year while imports from China were $14 billion, according to Chinese statistics.

Pakistan does not have much to offer to China, therefore, the country will be a net loser from the FTA-II, according to sources.

Pakistan’s major exports to China are cotton, rice, raw hides and skins, crude vegetable material and food products. Its imports include machinery, fertiliser, chemical elements, yarn, iron and steel, chemical material and products, vegetable and synthetic textile fibre, road vehicles and their parts, non-ferrous metals, tyres and tubes of rubber, etc.

https://tribune.com.pk/story/1665226/2-open-trade-may-hamper-chinese-investment-sezs/

IMPLEMENTATION OF FACILITATION PACT TO CUT TRADE COSTS IN ASIA-PACIFIC
Dawn, March 24th, 2018

ISLAMABAD: Trade costs in Asia and the Pacific is projected to be reduced by 26 per cent or savings of $673 billion every year with the full implementation of the WTO’s Trade Facilitation Agreement together with other paperless trade measures, according to a new report released by the United Nations on Friday.

The report, ‘Digital Trade Facilitation in Asia and the Pacific’, launched by the UN Economic and Social Commission for Asia and the Pacific (UNESCAP), shows that the potential trade cost reductions in South Asia exceed 20pc in all countries of that region including Pakistan, while the potential trade cost reductions for all Asean countries exceed

15pc. Least Developed Countries and Pacific Island countries have the most to gain, with trade cost reductions from digital trade facilitation exceeding 30pc.

A recent UNESCAP study found that moderate region-wide improvements in trade facilitation in Asia-Pacific could lift GDP by 0.32pc annually between 2015 and 2030, which is equivalent to nearly $87bn per year.

Digital trade facilitation refers to the application of modern information and communications technologies (ICTs) to procedures involved in moving physical goods across borders. Implementing digital trade facilitation including paperless trade measures, to the level currently seen in China could increase the region's annual GDP by more than 3.8pc, and its exports by 11.2pc by 2030. At the same time, the report notes that achieving cross-border paperless trade is expected to be a long and complicated process, and it cannot be achieved without close collaboration between countries.

The report also finds that more than half of the regional trade agreements (RTAs) which have entered into force since 2005 globally include paperless trade provisions, with a large majority of these agreements now featuring one or more commitments aiming to exchange trade-related data and information electronically.

"Trade facilitation is about making trade easier for all," said UNESCAP Executive Secretary Dr Shamshad Akhtar. "Countries need to work closer together to streamline and digitalise trade procedures. "The Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific can support this process", she said.

The Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific is fully dedicated to the digitalisation of trade processes and enabling the seamless electronic exchange and legal recognition of trade-related data and documents across borders, rather than only between stakeholders located in the same country.

Developed by a diverse group of more than 25 Asia-Pacific economies at very different stages of development over four years, the Framework Agreement is designed as an inclusive and enabling platform that will benefit all participating economies regardless of where they stand in terms of trade facilitation implementation.

Implementation of the Agreement is expected to greatly reduce transaction time and costs as well as increase regulatory compliance. Importantly, it will enable countries that have already initiated work at the bilateral or sub-regional levels to leverage that work and ensure that emerging regional and multilateral solutions more fully take into account existing work.

The report says that more than 70pc of the countries surveyed in the Asia-Pacific have at least partially developed the legal and regulatory frameworks needed to support electronic transactions, but that these frameworks remain incomplete and may not readily support the legal recognition of electronic data or documents received from stakeholders in other countries.

https://www.dawn.com/news/1397180

SUBSIDY, PRICE RECOVERY BOOST WHEAT EXPORTS
Aamir Shafaat Khan

Dawn, March 25, 2018

KARACHI: After a gap of five months, the country exported 65,649 tonnes of wheat alone in February fetching $12.5 million compared to nil foreign sales of the commodity since September 2017.

Recovery in world prices and increased subsidy have contributed largely to resumption of wheat exports.Total wheat exports in the first eight months (July-February) of this fiscal year stood at 65,822 tonnes earning $12.6m as compared to 3,676 tonnes ($0.967m) in the corresponding period last year.

Wheat exports in July and August 2017 stood at 353 tonnes ($114,000) and 733 tonnes ($209,000), respectively, Pakistan Bureau of Statistics (PBS) data showed.

The Economic Coordination Committee (ECC) of the Cabinet in its meeting held in third week of December 2017 had approved a proposal of the Ministry of National Food Security and Research allowing Punjab and Sindh to export 1.5 million tonnes and 0.5 million tonnes of wheat, respectively, including wheat products before June 30.

The ECC meeting had noted that the country would reap a bumper crop this season and the carry-over wheat stocks should be exported to improve financial position of the farming community besides fetching foreign exchange, notwithstanding an expected increase in domestic prices.

All Pakistan Flour Mills Association Central Chairman Ch Ansar Jawed told Dawn on Saturday that a 5pc rise in international prices coupled with export subsidy of $120 per tonne by land and $169 per tonne by sea routes had restored the confidence of wheat exporters to strike deals with buyers from UAE, Sri Lanka, African countries and Afghanistan.

Pakistan is all set to harvest 26 million tonnes of wheat this season almost same quantity achieved in the last two years. The country has now 6.5-7m tonnes of wheat stocks of last year while annual domestic consumption stands at 23m tonnes, leaving three million tonnes surplus stocks for export, he said.

The new Sindh’s wheat crop arriving is selling at Rs3,030 per 100 kg bag in Karachi after a drop of Rs150 per bag in the last few days. Old wheat is available at Rs3,250 per 100 kg bag.

He said Punjab’s wheat crop would hit the market in the next 10-15 days, he said.

Karachi Wholesalers Grocers Association Chairman Anis Majeed said huge subsidy by the government has proved a big relief to clear stocks at a time when only government’s warehouses are available which cannot store bumper crop as well as carry-over quantity of last year.

“If we have enough storage facility then we can keep wheat for at least one year and make exports when international prices go up,” he added.

https://www.dawn.com/news/1397403

WHY TRUMP’S LATEST STEPS HEIGHTEN RISK OF A GLOBAL TRADE CONFLICT
Dawn, March 25th, 2018

WASHINGTON: President Ronald Reagan once likened trade wars to the pie fights in old Hollywood comedies. One pie in the face leads to another. And then another.

Pretty soon, Reagan said in a 1986 radio address, “everything and everybody just gets messier and messier. The difference here is that it’s not funny. It’s tragic. Protectionism becomes destructionism. It costs jobs.”

Suddenly, the world’s financial markets are gripped by fear that an escalating trade rift between the United States and China the two mightiest economies could smear the world with a lot of splattered cream and broken crust. If it doesn’t prove tragic, as Reagan warned, it may still inflict far-reaching pain.

The Dow Jones industrial average lost a combined nearly 1,150 points Thursday and Friday after President Donald Trump set his administration on a path to restrict Chinese investment in the United States and impose tariffs on up to $60 billion of Chinese products.

“We should be very worried,” said Bryan Riley, director of the conservative National Taxpayer Union’s Free Trade Initiative. “It’s very possible this could escalate into something that neither country intends.” The trade sanctions that Trump unveiled Thursday are meant to punish Beijing for pilfering technology from American companies or for forcing them to hand over technology in exchange for access to China’s market. The announcement followed a seven-month investigation by the Office of the US Trade Representative into the tactics China has deployed to try to overtake American technological supremacy.

“China has not been playing by the rules,” said Stephen Ezell, director of global innovation policy at the Information Technology & Innovation Foundation think tank.

Unbowed, China immediately threatened to retaliate if the United States followed through on its actions.

On Friday, Beijing unveiled a broad list of US products from apples and wine to pork to steel pipe that could face retaliatory Chinese tariffs in a separate trade spat with Washington. That dispute is over taxes that Trump imposed this month on imported steel and aluminum.

“We don’t want a trade war, but we are not afraid of it,” said Hua Chunying, a spokeswoman for China’s Foreign Ministry.

The stakes are even higher in the standoff over Beijing’s technology policies than in the old-school dispute over metals. An industrial nation’s ability to harness technology is increasingly vital to healthy economic expansion.

“If China dominates the industries of the future, it will be very difficult for the United States to have an economic future,” Peter Navarro, a key White House trade adviser, told reporters.

Trade tensions are rising at a delicate time. The world economy has finally emerged from the shadow of the Great Recession. Major regions are growing in tandem for the first time in a decade. International economic growth is expected to reach a seven-year high of 3.9 per cent this year. Last year, global trade expanded 4.2pc, the most since 2011.

Some trade experts fear that a conflict over technology will erupt into an escalating war of sanctions between the world’s two biggest economies Reagan’s destructive pie fight.

The US-China tensions remind economists and trade analysts of the Reagan-era skirmishes between the United States and Japan, which at the time appeared to pose a grave threat to US economic dominance.

“This is ‘Back to the Future’ that old ‘80s film,” said Rod Hunter, a former White House trade adviser. Indeed, Trump’s top trade negotiator, Robert Lighthizer, is a veteran of the trade battles with Tokyo, having served in the Reagan administration.

https://www.dawn.com/news/1397401

NEWS COVERAGE PERIOD FROM MARCH 12TH TO MARCH 18TH 2018
APPETITE FOR FOOD IMPORTS GROWS
Dawn, The Business and Finance Weekly, March 12th, 2018

Mohiuddin Aazim

PAKISTAN'S food imports have been growing fast with an increase in economic growth rate and a consequent rise in consumer spending.

The country imports basic raw materials for food industries like palm and soya bean oil and consumer items like tea, powdered milk and pulses. Moreover, we now also import beef, mutton, chicken, eggs, butter cheese, curd, coffee, biscuits, chocolates, pickles, juices, jams, soft drinks, flavoured water, spices, dry fruit, nuts, honey — and even fish.

All this is coming at a price though. Our food imports have long beaten exports. Pakistan posted a small food trade surplus in 2012-13 and 2013-14 fiscal years, but food imports have continued to surge since from 2014-15.

In addition to the above-mentioned items, Pakistanis consumed imported vegetables and fruits worth hundreds of millions of dollars during the first half of the current fiscal year.

Imports of hundreds of finished and semi-finished food items surged to $3.1bn in the previous fiscal year from $1.9bn in 2012-13

The veggies and fruits imported during the period included: potatoes, tomatoes, onions, shallots, garlic, leeks, cabbage, cauliflower, kohlrabi, kale, lettuce, chicory, carrots, turnips, cucumbers, gherkins, coconuts, bananas, avocados, dates, figs, pineapples, grapes, apples, pears, apricots, cherries, peaches, plumes and citrus fruits.

With an increase in incoming levels on the back of higher GDP growth in recent years, demand for both agro-based products used in our food industries and finished food products has gone up.

Besides, as markets are becoming freer, governments cannot effectively control imports of a certain range of products. The imposition of higher import duties on hundreds of import items a few months ago have so far not yielded any positive result and our import bill keeps growing.

However, a two-pronged strategy can perhaps be more effective in dealing with the problem of an unsustainable growth in food imports. "Whereas one part of the strategy should focus on containing imports through tariff hikes, the other part should promote import substitution," says a senior official of the Ministry of National Food Security and Research.

"In addition, we also must examine why output of our smaller food crops (oilseeds, pulses, vegetables, etc) remains insufficient to meet domestic demand," he says.

While examining the sources of food imports, it is important to understand that these are sub-divided into two major groups: food and live animals, and animal and vegetable oils and fats.

Palm oil, soya bean oil and other oils used as raw materials of cooking oil, ghee, animal feed and fertiliser industries fall in the second group and all other food imports including crop seeds fall in the first.

So, when the import bill of animal and vegetable oils and fats increases, there is not much reason for concern as finished food products are not included in this group and their imports lead to higher output of our major industries.

"We must, however, keep an eye on unusual growth in the food and live animal group (of food imports) because that is where lots of finished food products, besides pulses and vegetables, are accounted for," explains a senior official of the Trade Development Authority of Pakistan.

In the 2012-13 fiscal year, Pakistan spent about $1.9 billion on imports of hundreds of those finished and semi-finished food items that fall in the category of food and live animals group. In 2016-17, the import bill of this group gradually soared close to $3.1bn. On the other hand, imports of animal and vegetable oils and fats — which had consumed a little less than $2.1bn in 2012-13 — remained almost unchanged in 2016-17.

However, based on the dissected data of the first quarter of this fiscal year, officials hope that the full-year import bill of the first category in which all consumer food items fall will remain close to last year's level.

Separate sets of the two groups of food imports data are compiled with a six-monthly lag which means that the full-year data would not be available before December. In the first quarter (July-September), imports of all finished food products (in addition to live animals that form a tiny percentage of the total) consumed around $724 million, whereas imports of animal and vegetable oils and fats cost Pakistan about $610m.

One basic thing in managing imports of finished food items is ensuring higher growth rate of our food crops but that is where we are not getting enough success. Over the years, crops output have grown but not fast and strong enough to match growing needs of local supplies without disturbing export revenue growth.

Similarly, little development of value-chains and distorted pricing mechanism make it difficult for domestic food industries to produce tailor-made quality products at home — products that can cater to fast-changing tastes of consumers.

If our meat and poultry processing industries remain wanting on various counts, hotels and high-end restaurants and branded chains of food outlets would continue to import beef and poultry to satisfy the tastes of their customers.

Moreover, if progress on hydroponic cultivation of vegetables remains frustratingly slow as it is now, we will continue to spend hundreds of millions of dollars each year on importing even veggies.

https://www.dawn.com/news/1394619

US RENEWS GSP SCHEME FOR PAKISTAN
Dawn, March 13th, 2018

Mubarak Zeb Khan

ISLAMABAD: The US House of Representatives has passed a bill to renew the Generalised System of Preferences (GSP) scheme allowing duty free access for goods from 120 countries including Pakistan for the next three years.

The scheme expired on December 31, 2017. The Bill now provides an extension up to December 2020.

A senior official in the commerce ministry told Dawn that this was the first hurdle in the renewal of the package. Now, the bill will be presented in the US Senate for a passage.

After the passage of the bill, US president Donald Trump will sign it into a law.

According to the official, Pakistan is one of the beneficiaries of the scheme. He was optimistic that the bill will sail smoothly through the US senate. He said impact on trade volume is limited due to small participation.

The official said the new eligibility criteria will also to be met by the beneficiary countries.

On Oct 25, USTR announced to implement the 15 eligibility criteria of the GSP established by the US Congress. Most of these include respecting arbitral awards in favour of US citizens or corporations, combating child labour, respecting internationally recognised worker rights, providing adequate and effective intellectual property protection, and providing the United States with equitable and reasonable market access.

According to the official, the 120 beneficiary countries will now require compliance of the eligibility criteria. However, the commerce ministry official claimed that Pakistan is compliant in all these areas.

It is worth mentioning that the beneficiary 120 countries have also established a GSP alliance in Washington, according to the official. This alliance is also in contact with Washington, he added.

In 2015, when the GSP scheme was revived with retrospective status, it was estimated to get maximum utilisation of available concessions.

However, data shows the utilisation of the scheme was very limited over the past years.

Official data shows that in the FY16 Pakistan's GSP exports stood at $247 million, up from $180.5m in the previous year.

The official said the utilisation is improving and it will further improve following the depreciation of Pakistani currency.

GSP-based exports account for 5 per cent of Pakistan's total exports to the USA. Non-GSP exports to USA stood at $3.4 billion in the year 2016-17.

https://www.dawn.com/news/1394952

PAKISTAN SEEKS TO INCREASE TRADE WITH IRAN TO $5BN BY 2021: PM
Business Recorder, 13 March 2018

ISLAMABAD: Prime Minister Shahid Khaqan Abbasi said that Pakistan desires to increase bilateral trade with Iran to $5 billion by 2021 during a meeting with Iranian Foreign Minister Javad Zarif on Monday.

Zarif met with the Prime Minister and the two leaders discussed efforts for strengthening bilateral relations and issues related to peace and security in the region, said a press release.

The Prime Minister reaffirmed Pakistan's desire to enhance mutually beneficial economic cooperation with Iran including bilateral trade, investments and commercial interaction.

He added that in order to meet the bilateral trade target of $5 billion by 2021, the two sides should work together in all earnest.

The Prime Minister emphasized the need to deepen connectivity to harness benefits from regional economic integration.

He expressed his commitment to work to resolve the issues in implementation of Iran-Pakistan Gas Pipeline Project including the financing of pipeline infrastructure and the scope of snap back clause.

The Prime Minister said that Pakistan was working towards realizing our vision of a peaceful and inter-connected region for shared progress and prosperity. We believe that a peaceful and stable Afghanistan is vital for economic progress of the region and Pakistan and Iran as the two neighbouring countries can make important contribution for achieving this objective. He also thanked the Iranian leadership for their steadfast support to the principled struggle of Kashmiris.

The Iranian foreign minister appreciated the increasing high-level interaction between the two countries. He said the mutual efforts of the two countries have resulted into enhanced economic and people-to-people interaction, which should be further strengthened. Dr Javad Zarif also appreciated Pakistan's efforts for strengthening border management to prevent illegal cross border activities.

Dr Javad Zarif is visiting Pakistan from March 11-13, for bilateral consultations with the foreign minister. During this visit, he is also having interaction with relevant Ministers and senior civil and military officials.—PR

https://epaper.brecorder.com/2018/03/13/1-page/704515-news.html

NEED STRESSED TO ENHANCE PAK-TURKISH TRADE TIES
Business Recorder, 15 March 2018

KARACHI: Pakistan and Turkey are time tested friends and their economic ties are based on longstanding and deep-rooted bilateral relationship providing economic and political support to each other. There are tremendous opportunities and trade potential between both the countries which can be exploited by the help of Free Trade Agreement (FTA).

This was stated by Syed Mazhar Ali Nasir, Senior Vice President of FPCCI in a meeting with the Consul General of Turkey visited FPCCI to discuss the trade related matters. The meeting was also attended by Abdul Waheed, Tariq Haleem Vice Presidents of FPCCI, Zahid Umer and Secretary General of FPCCI Dr Iqbal Thaheem.

Mazhar Nasir said that unfortunately, the volume of bilateral trade between both the countries has decreased to $675 million in 2017 from more than a billion in 2011. He informed that the in 2011 the export of Pakistan in Turkey was $873 million that has been reduced to $323 million in 2017 whereas, the export of Turkey into Pakistan were $214 million in 2011 which has been increased to $352 million in 2017. He said that the Turkish authorities increased duties on Pakistani exports from 6 percent to 24 percent which is a great barrier and caused a drastic reduction in the export of Pakistan in Turkey.

He further expressed his serious concern over discriminatory approach on Pakistani exports for ceasing the benefits of GSP Plus by Turkish Authorities which has been granted by them to various countries except Pakistan.

He also suggested early implementation of ECO Visa Sticker Scheme to facilitate the businessmen of all ECO nations to enhance business relations and people to people contact.

The Senior Vice President FPCCI further proposed to immediately call a Joint Business Council (JBC) meeting between the national Chamber of Commerce of both the countries to discuss the impediments and bottlenecks of FTA and find solutions to remove all non-tariff barriers both side and reduce tariff to the rational level in the best interest of both nation and uplifting the bilateral trade volume to its existing potential.

The Turkish Consul General appreciated the suggestions of FPCCI and said that FTA between Pakistan and Turkey will further enhance and strengthen the bilateral trade relations between both countries.—PR

https://epaper.brecorder.com/2018/03/15/5-page/704933-news.html

TRADE AMONG SAARC MEMBERS RISES STEADILY

The Express Tribune, March 14th, 2018.

A high-level 35-member delegation left for Kathmandu, Nepal on Tuesday to participate in the three-day '6th Saarc Business Leaders Conclave' that would commence on March 16 to explore investment avenues in agriculture, industrial and energy sectors and promote trade among member states of the grouping.

Talking to media prior to departure, delegation's leader and Saarc Chamber of Commerce and Industry (CCI) Vice President Iftikhar Ali Malik said distinctive features of the conclave would be highlighted during deliberations along with a briefing to participants on the regional issues hindering rapid economic prosperity.

Malik said the event, to be inaugurated by Nepal Prime Minister KP Sharma Oli, would discuss the measures required to make South Asia prosperous, promote trade and investment in the region, resolve economic and political issues and deepen cooperation in the energy sector.

Answering a question about progress of the Saarc CCI towards economic integration, he cited the Saarc Preferential Trade Arrangement (Sapta), the South Asia Free Trade Area (Safta) and, more recently, the Saarc Agreement on Trade in Services as landmark achievements in the pursuit of common objective of a speedy regional integration.

"Statistical evidence suggests that intra-regional trade among Safta members is rising slowly and steadily. South Asia's intra-regional trading share has also increased substantially," he said.

Replying to another query, he said private sector of the region was committed to the socio-economic integration of South Asia and "the business community believes in harmony and advocates regional economic integration to address major challenges including job creation and poverty reduction".

https://tribune.com.pk/story/1659151/2-trade-among-saarc-members-rises-steadily/

AFGHANISTAN LEVIES 400 TIMES HIGHER DUTY ON PAKISTAN GOODS
The Express Tribune, March 14th, 2018.

Smuggling is obstructing legal trade between Pakistan and Afghanistan, a challenge that should be tackled through rationalising and removing tariff barriers, suggested Pakistan-Afghanistan Joint Chamber of Commerce and Industry Secretary General Faiza Zubair.

Talking to members of the Lahore Chamber of Commerce and Industry (LCCI), she said smuggling should be dealt with firmly as it was equally destructive for both countries.

She said the regulatory duty imposed by Afghanistan on Pakistani goods was 400 times more than the duty imposed by Pakistan on Afghan products, adding mutual trade could not grow in the presence of such a duty structure.

Zubair was of the view that there was a need for an export house for checks and balances, which would ensure quality specifications of export goods of both the countries before full payments to overcome the trust deficit.

She proposed a grand meeting of all chambers of Pakistan very soon to discuss export issues.

Speaking on the occasion, LCCI Acting President Khawaja Khawar Rashid said bilateral relations between Pakistan and Afghanistan were very important for peace and development in the region.
"If relations between the two countries are not good due to some internal or external reasons, they directly affect bilateral trade and transit trade," he remarked.
Rashid said Pakistan was the best option for exports and imports for Afghanistan. Sharing numbers, he said in 2010-11, the total volume of transit trade was $3.8 billion, which stood at $3.5 billion in 2015-16.

In 2016-17, the trade volume fell to $2.9 billion, but he voiced hope that it would reach $3 billion by the end of 2017-18.

https://tribune.com.pk/story/1659156/2-afghanistan-levies-400-times-higher-duty-pakistan-goods/

OECD URGES WORLD TO PLAY BY TRADE RULES
Business Recorder, 14 March 2018

PARIS: Governments should stick to established rules of trade and avoid escalating disputes if they want to safeguard economic growth and protect jobs, the OECD said Tuesday.

The Organisation for Economic Cooperation and Development's call comes amid a deepening row over US tariffs on steel and aluminium that has brought on fears of a global trade war.

"Trade protectionism remains a key risk that would negatively affect confidence, investment and jobs," the OECD said in its interim report on the world economy.

The OECD identified protectionism as a major risk factor in an otherwise upbeat outlook for the world economy which it now expects to grow faster than in its previous projections published in November.
It put global economic growth at 3.9 percent for this year, up 0.2 points from previous expectations, and again 3.9 percent for 2019, an increase of 0.3 points over its previous call.
World growth was 3.7 percent in 2017.

Contributing to the positive outlook were tax reductions and increased spending in the world's largest economy, the United States, and fiscal stimulus in Europe's economic powerhouse Germany, according to the OECD.
The report, titled "Getting stronger, but tensions rising", came as fears grew that the war of words over trade and tariffs may damage long-established US trade ties with allies around the world, especially in Europe.

"Safeguarding the rules-based international trading system will help support growth and jobs," the Paris-based OECD said. "Governments should avoid escalation and rely on global solutions to resolve excess capacity in the global steel industry," it said.

It stopped short of singling anyone out, but appeared to target President Donald Trump's "America First" administration.
Trump last week announced duties of 25 percent on imported steel and 10 percent on aluminium, though his government has said it will consider exceptions and has already spared Mexico and Canada.

The tensions have also heightened fears for the global multilateral system that lays a level playing field for governments around the world.

The OECD appeared to take another jab at Trump — again, without naming him — saying that governments should avoid fiscal policy choices that are "excessively pro-cyclical", meaning further heating up an economy already firing on all cylinders.
It also said that governments should use the cushion of stronger growth to overhaul their economies.
"Structural reforms should be revived, seizing the opportunity of the stronger economy to help secure a more robust recovery of productivity, investment and living standards," the report said.
While the global outlook had not quite returned to pre-economic crisis levels, stronger investment and improved global trade were nonetheless signs that the world economy is definitely on the mend a decade after the worst recession since the Great Depression of the 1930s.
For the first time, OECD-wide unemployment fell in 2017 below its pre-crisis rate, the report said.

But the recovery was “uneven”, the report said, noting that “prime-age and youth employment rates … only at, or still below, pre-crisis levels in many countries, including the United States”.

As growth recovers, monetary policy across the world is gradually returning to more normal levels after years of highly expansionary central bank action.

But the OECD said this transition had to be carefully implemented to avoid financial market disruption and inflicting pain on still fragile developing economies.

One exception to the trend of buoyant growth was Britain, which the OECD predicts will miss out on the growth surge over the next two years, because of both Brexit and high inflation dampening consumer demand.

The OECD is expecting British growth of 1.3 percent this year after 1.7 in 2017, dropping further to 1.1 percent in 2019.
Britain’s finance minister on Tuesday said in a budget update the economy would grow slightly more than expected this year, but will likely slow ahead of the 2019 EU divorce.

Eurozone growth was also predicted to slow, dropping from 2.5 percent in 2017 to 2.3 percent in 2018 and 2.1 percent in 2019, the OECD said.—AFP

https://epaper.brecorder.com/2018/03/14/1-page/704710-news.html

PAKISTAN TO STAY AWAY FROM WTO MINISTERIAL MOOT
Business Recorder, 17 March 2018
Ali Hussain

ISLAMABAD: Pakistan will stay away from the World Trade Organization (WTO) ministerial meeting to be hosted by India from March 19-20, as diplomatic tensions deepened between the two countries after a series of incidents of harassment of Pakistani diplomats and their family members by Indian state agencies in New Delhi.

Diplomatic sources told Business Recorder that Pakistan has decided not to attend the informal ministerial meeting of WTO to be held in New Delhi. “In an environment of constant harassment and victimization of our diplomats, their family members and even the children, in New Delhi by the Indian state agencies, we have decided not to attend the WTO meeting,” said a diplomatic source.

He said the Indian state agencies have continued harassment of diplomatic staff and their families in New Delhi in violation of the Vienna Convention and no action has been taken despite the matter was raised at the highest level with Indian authorities.

India has invited over 40 countries to the WTO informal meeting with an objective to facilitate an exchange of views on various issues and challenges relating to multilateral trading system.

https://epaper.brecorder.com/2018/03/17/1-page/705281-news.html
NEWS COVERAGE PERIOD FROM MARCH 4TH TO MARCH 11TH 2018
PAKISTAN LOSES 50PC MARKET SHARE IN KABUL
Dawn, March 4th, 2018

Shahid Iqbal

KARACHI: India has succeeded to penetrate in Kabul slashing the market share of Pakistan by more than 50 per cent in the last two years, Chairman Pakistan-Afghanistan Joint Chamber of Commerce and Industry Zubair Motiwala told Dawn on Friday.

Motiwala who recently visited Kabul said the penetration of India and China has limited Pakistan's option to retain its market share while India subsidises heavily on its exports. He said Pakistan's trade with Afghanistan fell to $1.2 billion from $2.7bn within in the last two years and the country has been losing even the traditional markets of flour, men and women's clothes and red meat.

India has been providing goods at subsidised rates to capture the market and are providing air tickets with a 75pc rebate, said Motiwala, adding that Afghans find it easy to travel to India with cheap tickets and free multiple visas without police checks.

Kabul has been the natural market for Pakistani exports but that is changing as cheaper products from China and India flood the country. According to Pakistan Bureau of Statistics, exports to Afghanistan dropped to $1.271bn in FY17 from $1.437bn in FY16. Exports in the first quarter of 2017-18 stood at $319 million.

Each year thousands of Afghans used to visit Peshawar for medical treatment but now they prefer India due to cheaper treatments and other attractions like concessional treatments. "Medical tourism of Peshawar, which was mainly due to Afghans, is now at zero level; hospitals in Hayatabad are empty," he continued.
He said Peshawar is the main victim of the declining trade with Afghanistan where people have lost their businesses on a large scale. Out of 200 flour mills, about 100 have been closed down due to a drastic fall in the export of flour to Afghanistan, he added.

He also referred to the decreasing containers' traffic from Pakistan to Afghanistan. He said 70,000 goods containers were used to pass through between the two countries which has now dropped to just 7,000, reflecting the change of routes for imported goods to Afghans.

Pakistan was the biggest supplier of shalwar qameez suits to Kabul but that too has changed since both India and China are now supplying the readymade suits which are traditionally Pakistani products.

State Bank's data showed that the imports from Afghanistan increased to $68m in FY17, compared to $40m in FY16.

https://www.dawn.com/news/1393106

April 2018

NEWS COVERAGE PERIOD FROM APRIL 23 RD TO APRIL 29TH 2018

'PAKISTAN UNLIKELY TO SUFFER FROM US-CHINA TRADE WAR'
The Express Tribune, April 24th, 2018.

ISLAMABAD: Pakistan's economy is least integrated in the global value chain and hence, will not suffer significantly from the recent US-China trade war in the short-term.

However, Pakistan should revisit its trade and industrial policy and direct its production incentives and preferences under free trade agreements towards products that are in demand in countries with lower trade barriers, higher consumer confidence, a stable growth outlook and potential for supply-chain integration.

This was the crux of deliberations by trade experts at a special seminar on 'Where does Pakistan stand in global trade war?' organised by the Sustainable Development Policy Institute (SDPI) on Monday.

Speaking on the occasion, National Tariff Commission member Roubina Ather said that the greatest threat of trade war is protectionism, which in turn will shrink the global trade volume. “We should not be over-concerned about the ongoing global trade war, mainly between China and the US, as Pakistan is not so much integrated in the global value-chain,” she said. If the trade war goes further, the textile sector and the apparel market may suffer in the long-term, she added.

Also addressing the seminar, SDPI Joint Executive Director Dr Vaqar Ahmed said that the ongoing trade war between China and the US may cause a rise in the cost of production and raw material in developing countries, which in turn could bring inflation and threaten the global economic recovery. “As trade declines and commodities output falls, this could also result in lower wages and unemployment,” he said.

https://tribune.com.pk/story/1693401/2-pakistan-unlikely-suffer-us-china-trade-war/

NEWS COVERAGE PERIOD FROM APRIL 16TH TO APRIL 22ND 2018

AMENDMENTS TO TRADE DISPUTE BILL PROPOSED
Dawn, April 17th, 2018

Mubarak Zeb Khan

ISLAMABAD: The National Assembly Standing Committee on Commerce and Textile has proposed amendments to the draft bill of Trade Dispute Settlement Act (TDSA) 2018.

The proposed act aims at providing swift and effective resolution of disputes relating to exports as well as imports.

The standing committee meeting, chaired by Siraj Muhammad Khan, was given a briefing by Additional Secretary Commerce Division Javed Bhatti on the constitution of a commission under the TDSA.

The committee rejected Commerce Division’s proposal of a retired judge heading the commission. It was suggested that the commission can be led by any person who has a Graduate Degree instead of a Masters. The proposed commission will comprise of five members and will be led by the committee chairman.
Under the act, a Trade Dispute Resolution Commission will be established with its headquarters at Islamabad and regional offices at provincial capitals including Azad Jammu and Kashmir. However, the detailed rules are under preparation.

Mr Bhatti said dispute resolution will help promote international trade in Pakistan by aligning trade governance with international best practices under the World Trade Organisation and United Nations Commission on International Trade Law (UNCITRAL) models.

Dispute resolution includes negotiations, conciliation, arbitration, determinations, alternative dispute resolution mechanism and referral of disputes to commercial benches.

The committee suggested that rules should be framed keeping in view expeditious dispute resolution.

DG IPO Irfan Tarar apprised the committee that the Intellectual Property Organisation (IPO), in compliance with Committee’s directions, is in coordination with the concerned quarters to establish its Regional Offices at Peshawar and Quetta.

He said draft IPO Rules are under review at the Establishment and Finance Divisions and may take another four months to finalise.

For complaint resolution, IPO has established Anti-Piracy and Anti-Counterfeiting Cells at Islamabad, Lahore and Karachi.

IPO is actively coordinating with the IP tribunals in Islamabad, Karachi and Lahore for timely disposal of Intellectual Property cases, the body was informed.

The committee urged IPO to finalise the rules at the earliest.

The committee also considered a petition filed by Royal Group for promotion of pharmaceutical exports to non-traditional markets. The pharma industry plays a vital role in manufacturing sector by generating employment and attracting investment.

Despite a declining trend in the overall exports, pharmaceutical exports registered an increase of 26pc over the last 5 years from $169.6million (2012-13) to $213m (2016-17). The petitioner invited the committee's attention towards the non-payment of customs rebate for the last five years. Similarly, payment of sales tax refund is pending for the last 3 years, the NA body was informed.

https://www.dawn.com/news/1402071/amendments-to-trade-dispute-bill-proposed

NEWS COVERAGE PERIOD FROM APRIL 9TH TO APRIL 15TH 2018

LONG-TERM MEASURES KEY TO REDUCING TRADE DEFICIT
The Express Tribune, April 9th, 2018.

In February 2018, the Pakistan Bureau of Statistics (PBS) reported a decline in the value of imports by more than 14% over the value reported in January 2018.

The decline was also accompanied by a decline in the value of exports, of approximately 3%, in February 2018 over the value reported in January 2018.

Therefore, in February 2018, there was a decline in both import and export values. However, as imports reported a greater decline in February 2018, the increase in trade deficit was lower than that in January 2018.

On the other hand, imports have increased every month in terms of the period-to-period growth rate since July 2016, the last instance a decrease in period-to-period growth rate in imports was reported.

Further, in recent years, imports in February have been typically lower than that in January. Although currency devaluation and import restrictions may have been attributed to the decline in the import value, the volatility in trade must be analysed.

Further investigation at the commodity level suggests that imports have declined in value in February 2018, relative to January 2018, for all products except LNG, petroleum crude and raw cotton. The largest declines have been reported in the imports of power generating machinery, palm oil and petroleum products.

Similarly, exports have also declined in value for all products except for cotton yarn and sugar. The largest decline is reported for fruits, rice, knitwear and ready-made garments. A decline in the export value is a cause for concern as recent months have witnessed currency devaluation and provision of export subsidies.

This clearly suggests that exports are highly susceptible to short-term incentives and the growth in exports, as a result of such incentives, is unlikely to be sustainable. Diversification in the export basket, with particular emphasis on less price sensitive and higher value manufactured goods, must be emphasised upon in the next trade policy.

Considering the quantity exported, it is important to note that the quantity of major export commodities such as rice, ready-made garments, and leather products have also declined in February 2018 over the quantities reported in January 2018.

There has been a decline in the quantity of imports of almost all major commodities in February 2018 over January 2018. For instance, the imports of palm oil decreased by 18%, petroleum products decreased by 20%, plastic materials decreased by 12% and iron and steel scrap decreased by more than 36%.

The sharp decline in imports of essential commodities can likely be a result of procedural delays as well as obstacles to trade. Although the demand of inventory as well as price fluctuations may influence the volatility of import demand, delays and lack of custom facilitation increase volatility.

One of the poorest indicators for Pakistan in the World Bank's Doing Business is 'Trading across Borders'. The time and the cost to trade in Pakistan, for both exporters and importers, is higher than the South Asian average. Higher the costs of documentation and greater the time to trade, lower the frequency as firms lower their average costs of trading.

According to the data provided by the SBP, imports from China have decreased by more than 25% in February 2018 over January 2018, imports from the US have declined by more than 19% and imports from Saudi Arabia have declined by more than 9%.

Similarly, there was a decline in exports to the aforementioned destinations between January 2018 and February 2018. As Pakistan has increased its import dependency during the recent years, restriction of imports of crucial inputs may have adversely impacted exporters.

Such fluctuations in trade patterns, unlikely to be influenced by global events, suggests that short-term measures may alter trade patterns on a month-to-month basis, but not necessarily result in a favourable outcome in the long-run. Although sharp fluctuations have been reported for the month-to-month growth rate of imports, the period-to-period numbers have increased. Therefore, trade deficit will likely continue its rising trend in the next fiscal year.

Global trade faces several challenges that are likely to impact Pakistani consumers and producers. For instance, the trade war between the US and its major trading partners is likely to impact the global supply and demand of commodities that are frequently traded between the countries.

Steel and aluminum may observe a supply glut as the US, one of the largest importers of both commodities, restricts its imports by imposing higher tariff rates. Trade retaliation may distort world prices of crucial commodities, particularly at a time when Pakistan is dependent upon such imports for infrastructural development under CPEC.

Uncertainties in trade policies may adversely impact industrial growth at a time when the economy is not only facing a looming external debt crisis but a possible IMF programme.

As mentioned earlier, trade costs are likely to be amplified by higher costs and procedural obstacles faced by both exporters and importers. The higher cost and time required at the port to clear custom inspections not only substantially increases the cost of trading but also reduces the frequency with which traders participate in international trading activities.

This may explain the higher volatility reported in trade data. Although improved communication channels have been introduced to facilitate traders, the number of trade documents must also be reduced. Further, traders, custom officials as well as clearing agents must not only be better informed on procedures but also be better trained to comply with the requirements more efficiently, making the documentation procedures less burdensome for them.

Unfortunately, there has been an over reliance on short-term programmes to correct the deficit in the trade balance. Long-term programmes that improve the business environment for firms trading across borders are the need of the hour. The government may gain temporary relief from subsidies and currency depreciations. However, as the data suggests, such relief programmes make trade more volatile and are less likely to alleviate the current dilemma on the balance of trade.

https://tribune.com.pk/story/1680855/2-govts-dilemma-long-term-measures-key-reducing-trade-deficit/

PAKISTAN AND THE TRANSFORMING INTERNATIONAL TRADE ORDER
The Express Tribune, April 9th, 2018.

A number of actions taken by President Donald Trump and his administration in the area of international trade will not directly affect Pakistan. But they will significantly change the environment in which Islamabad is operating and managing world trade. This is occurring at a time when Pakistan's policymakers have begun to recognise that they need to focus on increasing the quantum and quality of exports in order to increase foreign earnings. Pakistan now has a large trade imbalance which is being financed either by running down the depleted foreign reserves or by new borrowings from foreign sources. If the latter, the result is building foreign debt.

Pakistan will also have to rethink the direction in which exports should be sent. Mostly because of inertia, Pakistan has not significantly altered the content of the export basket or the countries to which most exports are sent. Cotton, cotton products and rice have remained the most important exports while the markets to which they are being sent remain in the United States and Western Europe. Even before President Trump shook the established international trade order, Pakistan needed to develop a more dynamic trade policy. With Trump's approach, this task has acquired greater urgency.

Trump's actions on international trade have already affected the global market as well as the financial markets. China is the target of much of what he is doing and is likely to do in the future. This has brought the world close to a world trade war. In one of his many pronouncements on international trade, he said that a trade war is a good thing and America will always win in such an encounter. Both assertions of course are incorrect. International trade is a difficult subject even for economists to master. Trump understands little of it. The launch of a trade war with China has sent the financial markets into wild spins in most developed parts of the world, especially in the United States. The sharp increase in values that came to be called the 'Trump bump' has been rechristened as the 'Trump dump'. But my subject today is the consequence for Pakistan of what Trump is doing to international trade.

As I said, Islamabad needed to rethink how it manages international trade. Up until now, little effort was made to focus on exports as an engine of economic growth. Exports were a by-product of normal economic activity. Most of those who were involved in it used it to take care of the surpluses that became available once domestic demand was satisfied. Much of what the Pakistani economy produced was low value added since that was what was demanded by local consumers. Take the well-endowed agriculture sector as an example. Pakistan could have used it to produce high value-added products such as fruits, vegetables and flowers. Instead, it focused on the production of grains for local consumption. The government used its procurement policy to encourage this to happen. Pakistan's geographic location is such that it could have become a large supplier of these high value-added crops to the Middle East with a large population of wealthy consumers.

Trump by focusing on bilateralism rather than multilateralism as the way to manage his country's trade relations, has put countries such as Pakistan in an awkward place. In the past, Pakistan spent a great deal of diplomatic effort on gaining access for its textile products in the US market. This in itself was the wrong approach. Even in this area, Pakistan produced low-value products such as towels and bed sheets. Producing garments would have been more profitable but that did not happen as our trade diplomats did not work on creating a US market for these manufactured items. Now, with Pakistan-United States relations having reached the lowest point ever, focusing on market access to that country would not work. It would only work if Islamabad was prepared to slavishly follow the United States in its losing struggle in Afghanistan. This Pakistan is not likely to do.

The rapidly developing Pakistan-China relations offer a good opportunity for Islamabad to fundamentally alter its international trade stance. The still-not-fully-developed CPEC programme needs to have a large export-building content. The Chinese would welcome that. As the proportion of the Chinese population living in the country's extreme west increases sharply, its demand for the products of Pakistan's agriculture will greatly increase. Personal incomes are rising rapidly in China and this is increasing the demand for such high-value products as fruits, vegetables, nuts, meat and milk. By focusing on increasing the supply of these items, Pakistan could transform its agriculture sector that has long remained committed to producing food grains and cotton.

This transformation could be particularly significant in the country's northern areas that border China. The intended CPEC investment in improving road and rail connectivity between northern Pakistan and western China should help to transport these products to the neighbouring country. By developing the sector of livestock to meet the Chinese demand for meat and milk products, Pakistan could help the poorer populations in these parts of the country. Women who are actively involved in the rearing of animals would benefit in particular. Since it would be cheaper to transport processed meat and milk products over this difficult terrain, these areas could also build an agro-industrial base.

Adding China in a significant way as a destination for Pakistan's exports would be helpful in meeting Islamabad's needs for external finance to promote economic and social development. While the CPEC programme would provide the framework for bringing about this important change, it will require a significant change in the direction and scope of public policy. I would suggest that the Planning Commission establishes a specific wing to guide this change. Such a wing should work closely with the Chinese authorities and some of the international development agencies that have included CPEC in their work programme.

https://tribune.com.pk/story/1680887/6-pakistan-transforming-international-trade-order/

INDONESIA LIFTS 150,000 TONNES OF RICE FROM PAKISTAN
Dawn, April 14th, 2018

HAMBURG: Indonesia's state food procurement agency Bulog on Friday bought about 150,000 tonnes rice from Pakistan, European traders said.

The purchases were made in direct deals negotiated without international tenders being issued.

Some 45,000 tonnes of 5 per cent broken grade rice was bought at about $460 a tonne c&f and 105,000 tonnes of 15pc broken grade was bought at about $450 a tonne c&f, they said.

All the rice is for shipment from May to July.

Traders had previously said Bulog had been seeking offers for only 50,000 tonnes of Pakistani rice.

“I think the deals show that Indonesia's import requirements remain large despite several large recent purchases,” one European trader said.

Bulog said on March 20 it planned to import a total 500,000 tonnes of rice up to the end of June to improve local supplies and cool domestic prices.

Bulog also bought about 500,000 tonnes of rice to be sourced from Vietnam and Thailand, traders said on March 29.

Bulog also bought about 50,000 tonnes of rice from Pakistan on March 21 for shipment up to May 31.—Reuters

Our reporter adds: Rice Exporters Association of Pakistan (REAP) Senior Vice-Chairman of Rafique Suleman said that the deal will likely to fetch $70 million foreign exchange.

He said the eight Pakistani exporters who were awarded the contract include Garibsons (Pvt) Ltd, Hassan Ali Rice Export Compnay, Meskay & Femtee Trading Company (Pvt) Ltd, K.K. Rice Mills (Pvt) Ltd, M.M. Commodities, Al Hamza Trading Company, Conwill Pakistan (Pvt) Ltd and Kangore Traders.

Mr Sulman, who is heading a delegation to Indonesia, said that the awarding of a big rice contract to Pakistani exporters shows that the Bulog has full confidence in the private sector.

https://www.dawn.com/news/1401504

PUNJAB LIVESTOCK DEPT FOR INCREASING DUTY ON IMPORTS FROM INDIA
Business Recorder, 14 April 2018

ISLAMABAD: Provincial livestock departments have demanded the federal government to increase the duty on milk powder, meat and animals on their import from India to make the livestock sector compatible.

An official of Livestock and Dairy Development Punjab informed the National Assembly's Committee on Inter-Provincial Coordination that according to a report of customs, milk powder and animals are imported in huge quantity from India which declined the profitability in livestock sector and also affected the livestock export of Pakistan.

He said that Pakistan's exports were declined by 19 percent in 2015-16 as compared with 2007-8, while Bangladesh has increased livestock products export by 309 percent during the same corresponding years.

He further informed the committee that curtailing damaging inflows by imposing duties on import of whey milk powder and with crackdown on smuggled powder, the issue of whiteners badly affected the milk sector in Punjab.

He said Punjab is home to 62 percent livestock, Sindh 23 percent, Khyber Pakhtunkhwa 12 percent, and Balochistan has 3 percent of total livestock.

He further said that provincial coordination is important to counter the animal diseases and increase meat and milk productions in the country. He said across the border as well as provincial migration of animals needs to be monitored to save them from diseases.

He said that Punjab would complete livestock survey in the province next month (May). The provincial department is also providing information to 8.1 million mobile users about livestock.

Abdul Qahar Khan Wadan chaired the meeting of the committee that was also attended by representatives of Higher Education Commission, officials of livestock departments of Balochistan, Sindh and KP. They also informed the committee regarding the steps being taken in livestock sector by respective provinces.

https://epaper.brecorder.com/2018/04/14/18-page/710655-news.html

DRY MILK, WHEY POWDER
Business Recorder, 14 April 2018

ISLAMABAD: Ministry of National Food Security and Research (MNFS&R) is mulling different options to increase duty on import of dry milk and whey powder to benefit dairy farmers and milk processing industry.

The ministry has also sought proposals for the purpose from the farmers and representatives of livestock and milk processing industry in the country.

In its presentation to the ministry, Pakistan Dairy Association (PDA) has proposed imposition of a certain amount of quota based on volume of fresh milk purchase from farmers to import whey powder and dry milk.

The PDA representatives informed the ministry that the quota system will not only benefit the industry but also the farmers; therefore it is the only viable solution to resolve the issue once for all.

The association has recommended fixing an annual quota system for the imposition of regulatory duty (RD) on milk import. It proposed a reduced RD of five percent on milk imported under the quota, and an increased RD of 60 percent on non-quota milk imports.

During the briefing to Minister for National Food Security Sikandar Hayat Bosan, PDA representative Rehan Saeed also offered the government to attach certain strings with the dairy industry while allowing it to import the dry milk at a reduced regulatory duty.

He said the dairy industry could be asked to take measures for development of the farmers and increase their per day milk yield to bring a positive change in their lives.

The ministry was also briefed that as per data available with Federal Board of Revenue, the dairy industry imports 55 percent dry milk and whey powder of the total while the remaining 45 percent is imported by bakeries and confectionaries.

The dairy association representatives urged the ministry to give benefit to those who have been buying milk from the farmers and this formula has also been successfully implemented in Indonesia, Thailand and Turkey.

The ministry may consider the proposal of import quota put forward by the association by asking relevant stakeholders to give an undertaking that they will not sell the imported dry milk/whey powder in the open market.

The PDA has also suggested the ministry to constitute Pakistan Milk Board having representation of all the stakeholders to resolve the issues of the farmers and dairy industry, and to regulate the whole sector.

https://epaper.brecorder.com/2018/04/14/18-page/710648-news.html

NEWS COVERAGE PERIOD FROM APRIL 1ST TO APRIL 8TH 2018
IRAN WANTS DIRECT RICE IMPORT FROM PAKISTAN
Dawn, April 02, 2018

LAHORE: Former Iranian foreign minister Syed Kamal Kharazi says his country is looking for ways for direct rice import from Pakistan.

“Iranians are rice-eaters and fond of Pakistan’s basmati rice which is being imported through Dubai to the disadvantage of both Iranian consumers and Pakistani exporters,” Mr Kharazi told rice exporters at a ceremony held here on Sunday.

Acting consul-general Majid Sadeghi Dowlatabadi was also present on the occasion.

Responding to a demand made by Rice Exporters Association of Pakistan President Chaudhry Samiullah Naeem in the welcome address, Mr Kharazi said Tehran was also working on a proposal for opening bank branches in both the countries for direct trade transactions in currencies other than dollar to avoid the US pressure (sanctions).

He said Tehran was interested in bilateral cooperation in various sectors and not just rice and was negotiating with Islamabad for reducing duties on bilateral trade.

Recalling Iran's role in lending support to Pakistan when the latter needed the most soon after its creation, he said his country under a bilateral agreement also constructed gas pipeline up to the Pakistan borders while the latter, he regretted, under the US pressure could not yet accomplish the construction work on its side.

He said the US sanctions rather helped Iran attain self-sufficiency in each sector, from infrastructure development to defence-related needs.

Earlier, Mr Naeem lamented that bilateral trade between Pakistan and Iran was less than $800 million while it could easily touch $10 billion mark if potential of both the countries was allowed to be exploited.

He demanded that Iran should reduce duties on exports from Pakistan in prelude to free trade agreement between the two neighbours. He said a delegation of rice exporters would soon leave for Iran and hoped that Mr Kharazi would help the visitors in striking business-to-business deals there.

https://www.dawn.com/news/1398949

WILL THE WTO SURVIVE TRUMP?
Dawn, The Business and Finance Weekly, April 2nd, 2018

AN international organisation that Donald Trump demeans, undermines and then embraces when it suits his interests: probably sounds familiar within Nato, or the UN.

Now it's time to add the World Trade Organisation to the list.

The early signs of the US president's intentions towards the Geneva-based trade body all pointed towards hostility.

As a candidate he called it a "disaster" and threatened a US withdrawal.

His administration's trade office then said the United States had the right to ignore any rulings from the WTO's crucial Dispute Settlement Body that violated national interests.

But that was small potatoes compared to his proposed tariffs on steel and aluminium.

For many experts, his administration's effort to portray the tariffs as legal under international trade law for national security reasons amounted to a nuclear strike against the rules-based trade system.

But then, just a day after hitting China with unilateral tariffs on up to $60 billion of imports, Washington last week turned to the WTO, asking the DSB to punish China over intellectual property breaches.

"The fact that they have brought this to a WTO dispute means it is not 'Trump versus the WTO,' it is Trump fully using the WTO, which is a completely different picture from the national security (steel and aluminium case)," said Peter Ungphakorn, who worked at the trade body for two decades.

Despite the president's tariffs policy, Washington did turn to the global trade body with a request to see China punished over intellectual property breaches

Ungphakorn, now a writer on trade, told AFP it may be impossible to identify a “coherent” Trump trade policy, but that outlines of the American WTO strategy may be emerging.

“They are going to use any weapon that will allow them to win,” he said, explaining that Washington may work within the system when it wants to and disregard the rules when it needs to.

But that raises an important question for the WTO’s future: can an organisation designed to create a level-playing field in world trade survive when the world’s top economy refuses to be bound by the rules?

Edward Alden, a trade policy specialist at the Council on Foreign Relations, wrote that March 8 — the day the steel and aluminium tariffs were announced — was “The Day the WTO Died”.

While the details surrounding the tariffs, including exemptions for US allies, remain muddy, Alden’s underlying argument about the threat still applies.

Washington has argued that national security provisions in trade law are self-executing, meaning the moment security is invoked to justify a trade measure that measure automatically becomes legal.

Alden and others have noted that the WTO’s dispute settlement system may not survive a case that hinges on national security.

If WTO judges agree with the US argument, it would allow any country to impose any tariff any time it wants.

If they reject the argument, then Washington will dismiss the verdict and the integrity of the system will be in tatters, Alden said.

He told AFP he does not believe Trump’s trade team has a specific desire to damage the WTO.

It just refuses “to be constrained by WTO rules,” he said.

“And if the WTO weakens and withers then so be it. I don’t think that is their purpose, but they are prepared to live with it if that is what it comes to,” he said.

Experts have argued that the WTO’s future will hinge both on Trump’s moves and how other members react.

China, which has been heavily criticised as a trade manipulator by multiple WTO members in addition to the United States, has ironically emerged as the one of the institution’s most forceful defenders.

In response to the steel and aluminium measures and the massive tariffs slapped on China, envoys from Beijing have repeatedly used WTO fora to call for restraint, urging Washington to safeguard the multilateral trade system.

But Alden argued that members, especially China and the European Union, will have to make concrete moves to respond to the US frustrations with the current system.

“If other countries can’t adapt… (and) I think they probably can’t, then I think the WTO just becomes less and less relevant,” he said, while adding he does not believe the organisation will disappear any time soon.

Ungphakorn agreed that WTO would linger on as a forum for negotiations if its dispute settlements system collapsed, but cautioned against complacency regarding the organisation’s long-term viability.

“The situation is dangerous,” he said. “We should be clear about that.”—AFP

https://www.dawn.com/news/1398924

FOCUS ONLY ON BOOSTING EXPORTS IS A BAD STRATEGY
The Express Tribune, April 2nd, 2018.

Pakistan's export earnings have declined 20% over the period FY2011-17 and market share has been contracting by 1.45% annually.

The government is about to launch new Strategic Trade Policy Framework (STPF) 2018-23 to boost trade performance and enhance exports. Two major think tanks organised wide-ranging consultations in the last few weeks and there is a need to revisit some of these recommendations.

First set of recommendations came from a World Bank-funded series of consultations with private-sector representatives in provincial capitals organised by the Sustainable Development Policy Institute (SDPI).

The focus of these consultations was export competitiveness and thus the participants were mainly drawn from the exporting sector of the country. Key challenges to export competitiveness identified by the private sector in these consultations include:

Regulatory constraints at federal and provincial government levels
High cost of doing business including energy costs and import tariffs
Inadequate trade facilitation and supporting instruments
Lack of coordinated support from institutions responsible for export promotion and help
Market and product diversification
Weak availability of credit for exports, particularly for potential and new exporters, and
An exchange rate regime that is perceived to reinforce anti-export bias of the de facto trade policy.
These were the questions which needed detailed answers including reasons due to which intended benefits from Pakistan's free trade agreements (FTAs) and European Union's Generalised Scheme of Preferences Plus (GSP+) could not be achieved.

Second set of recommendations came from the first National Conference on Open Trade, supported by Friedrich Naumann Foundation and organised by free market think tank PRIME Institute.

This forum was mainly addressed by leading economists, trade policy experts and government representatives. The main issues highlighted by this forum include:

Distortion of energy pricing, where the industry ends up subsidising domestic consumer bills
A tax system which penalises tax-compliant forms and retards export growth
High tariffs, which function as tax on exports, as a 1% rise in tariff complexity contributes to a 13% decline in export growth
Pakistan is not part of global supply chains, which account for 70% of global trade
Stifling regulations and over-burdened businesses due to regulations
Trade dispute resolution mechanisms are missing
Lack of attention to the potential of regional trade partners
SRO culture failing to create a predictable market-friendly environment
Lack of encouragement of a 'Made in Pakistan' culture
Lack of special economic zones
From a cursory look, it becomes evident that both sets of recommendations, one coming from the private sector and the other originating from economists, have more points of convergence rather than divergence, which is certainly a good news.

This convergence can provide a basic framework for the new STPF, which can serve Pakistan's trade interests. However, let's now discuss a few points which were missed by both consultations.

First, no matter what the recommendations are, the quality of implementation will matter. It must be ensured that the Ministry of Commerce and other institutions responsible for trade policy implementation must be staffed with properly trained experts with a reasonable degree of autonomy and job security.

Second, all stakeholders must realise that industry promotion and industry protection are two different strategies. Pakistan has done enough industry protection, but not enough industry promotion.

The industry promotion includes creating an enabling environment, trade facilitation, protection of intellectual property and reliability of industrial policy.

Third, we must be cognisant that exports and imports together constitute the trade regime and a singular focus on export enhancement is a bad strategy. We need a liberalised import regime to boost exports, but unfortunately this rather simple relationship is lost on most trade policymakers and analysts.

Fourth, while turning around Pakistan's trade regime may be very difficult in the short run, the government can set up an inter-ministerial task force on doing business reforms and strengthen existing efforts in this domain. The government did set up a similar task force initially, but then gradually it was placed on the back burner.

Last, given the devolution, it may make sense for the federal government to re-negotiate the mandate with respect to regulations of exports and create a healthy competitive environment among provinces to attract competitive domestic and international businesses.

https://tribune.com.pk/story/1675051/2-focus-boosting-exports-bad-strategy/

ECUADOR OFFERS PAKISTAN MARKET ACCESS TO S AMERICA
The Express Tribune, April 6th, 2018.

Ecuador Ambassador German Alejandro Ortega Almeida has suggested that Pakistan could achieve better access to South American markets by developing close cooperation with Ecuador.

"Ecuador wants to increase trade relations with Pakistan as both countries could do trade in many goods," he said.

The envoy was speaking to members of the Islamabad Chamber of Commerce and Industry (ICCI) which he visited to exchange views with business community for enhancing bilateral trade and economic relations.

He, however, pointed out that lack of direct contact between private sectors of Ecuador and Pakistan was the main reason behind nominal trade between the two countries.

Both should focus on frequent exchange of trade delegations to explore new areas of mutual cooperation, he stressed and assured businessmen that Ecuador Embassy would fully cooperate with the ICCI in bringing private sector of both countries closer which was important to improve two-way trade.

In his welcome address, ICCI President Sheikh Amir Waheed said Pakistan considered Ecuador significant to its growing demand for opening up new avenues of cooperation and investment opportunities for businessmen.

He cited different sectors of Pakistan's economy including infrastructure development, manufacturing, exploration of oil, gas and minerals, energy, construction, information technology, engineering and automobile that offered great investment opportunities while the government gave attractive incentives to foreign investors.

He emphasised that Ecuador's investors should visit Pakistan to explore investment avenues in their areas of interest. Turning to the China-Pakistan Economic Corridor (CPEC), Waheed said the massive project had created many new opportunities for investment and joint ventures in Pakistan.

Moreover, nine Special Economic Zones will be established under CPEC and it is right time for Ecuador investors to focus on Pakistan for business opportunities.

He assured the envoy that the ICCI would like to work with the embassy of Ecuador for improving bilateral trade and economic relations.

ICCI Senior Vice President Muhammad Naveed Malik and Vice President Nisar Mirza said by developing close cooperation with Pakistan, Ecuador could gain better market access to South Asia, the Middle East and Central Asia. Focus on Pakistan would bring multiple benefits to its economy, they said.

https://tribune.com.pk/story/1678521/2-ecuador-offers-pakistan-market-access-s-america/

TRUMP THREATENS FRESH TARIFFS ON $100BN WORTH OF CHINESE GOODS
Dawn, April 7th, 2018

BEIJING: China warned on Friday it was fully prepared to respond with a "fierce counter strike" of fresh trade measures if the United States follows through on President Donald Trump's threat to slap tariffs on an additional $100 billion in Chinese goods.

In light of China's "unfair retaliation" against earlier US trade actions, Trump upped the ante on Thursday by ordering US officials to identify extra tariffs, escalating a high stakes tit-for-tat confrontation with potentially damaging consequences for the world's two biggest economies.

China's Commerce Ministry spokesman, Gao Feng, called the US action "extremely mistaken" and unjustified, adding that the spat was a struggle between unilateralism and multilateralism. He also said no negotiations were likely in the current circumstances.

"The result of this behaviour is to smash your own foot with a stone," Gao told a news briefing in Beijing. "If the United States announces an additional $100 billion list of tariffs, China has already fully prepared, and will not hesitate to immediately make, a fierce counter strike".

Gao was speaking shortly after Trump defended his proposed tariffs on US radio, saying the move might cause "a little pain" but the United States will be better off in the long run.

"I'm not saying there won't be a little pain, but the market has gone up 40 per cent, 42pc so we might lose a little bit of it," Trump said in an interview with New York station 77 WABC's "Bernie & Sid" show on Friday.

"So we may take a hit and you know what, ultimately we're going to be much stronger for it."

On Wednesday, China unveiled a list of 106 US goods – from soybeans and whiskey to frozen beef and aircraft – targeted for tariffs, in a swift retaliatory move only hours after the Trump administration proposed duties on some 1,300 Chinese industrial, technology, transport and medical products.

Washington has called for the $50 billion in extra duties after it said a probe determined Chinese government policies are designed to transfer US intellectual property to Chinese companies and allow them to seize leadership in key high-technology industries of the future.

China said it was not afraid of a trade war, even though it did not seek one, and accused the United States of provoking the conflict. Gao said comments from US officials about ongoing talks about trade issues were incorrect.

"Under these conditions, the two sides cannot conduct any negotiations on this issue," Gao said, without elaborating.

While Beijing's claims that Washington is the aggressor and is spurring global protectionism, China's trading partners have complained for years that it abuses World Trade Organisation rules and propagates unfair policies at home that lock foreign firms out of some sectors as domestic champions are being nurtured.

China has repeatedly vowed that it would open up sectors such as financial services.

https://www.dawn.com/news/1400075

May 2018

NEWS COVERAGE PERIOD FROM MAY 14TH TO MAY 20TH 2018

GOOD NEWS FOR RICE EXPORTS – IRAN

Business Recorder,14 May 2018

It appears that the efforts of the REAP delegation that visited Iran to enhance rice export opportunities may have borne fruit (for more information read "Rice exports to Iran – idle hope or possibility?" published on April 12, 2018 by this column). Iran's state grains buyer GTC has issued an international tender to buy 20,000 tons of rice from Pakistan, in two 10,000 ton consignments.

As per PBS data, Pakistan has exported over 3 million tons of rice of which basmati rice was 332,000 tons, so far this year. On average rice was priced at $477 per ton; however the premium priced basmati rice was sold for $1,043 per ton this fiscal year. Thus, a 20,000 ton order would net Pakistan an increase in rice exports by nearly $21 million.

Iran's rice market is valued at $2 billion so the current tender accounts for a small portion of it. However, given that Pakistan's FY17's exports to Iran were $30 million, this would indicate nearly doubling of Pakistan's exports to Iran and may pave the way to increase rice exports.

Attempts to set up banking channels between the two countries have not been successful since local banks in Pakistan did not take up the option presented by the Banking and Payment Arrangement signed by the central banks of both the countries. With the recent Trump announcement regarding Iran's nuclear deal, the banking channels seem all the more nebulous. Government tenders may be one way to circumvent these huddles and become an additional channel to conduct trade other than cash and barter used currently.

Having said that, even at its peak in FY10, Pak-Iran trade comprised mostly of oil imports with the bulk of Pakistan's exports consisting of rice. Increase in rice exports through government tenders is a step in a right direction to rectify this and may lead the way for other goods for which Pakistan has high export potential with Iran, such as cotton fabric and medical instruments.

https://epaper.brecorder.com/2018/05/14/2-page/716667-news.html

PM WANTS EXPORTERS TO PUSH EXPORT TO $100BN

Business Recorder, 14 May 2018

LAHORE: Prime Minister Shahid Khaqan Abbasi Sunday stressed upon the exporters to increase Pakistan's exports to at least $ 100 billion as the country had immense potential to compete in the global markets.

He said the government had already met the demands of investors and exporters, and now it was up to them to enhance the exports volume.

Addressing the Lahore Chamber of Commerce and Industry's (LCCI) achievement award ceremony, the prime minister said three-month exports incentives announced by the government, were now paying dividends and hinted that the incentives period could be enhanced to three years.

"The government has provided whatever the exporters had demanded. Now, it is up to them to come forward and play their role for increasing exports digits to $40 billion or $ 100 billion," he added.

He called upon the exporters delegations to apprise the government of the steps they would be taking to push the country's exports up.

The prime minister called upon the chambers and exporters associations to reciprocate the government's steps by increasing the exports volume.

He referred to the cut in the income tax slabs and urged the gathering to utilize it for the benefit of the country.

The prime minister also expressed the hope that the measures taken by the government would increase the tax net.

He said the elections would be held in July this year and the masses would decide the fate of political parties. As a result of their decision, a new government would be formed and mandated to function for its constitutional term.

He said under the vision of PML-N supreme leader Nawaz Sharif, the government had been executing uplift projects worth billions of rupees throughout the country. There was not a single week in which he was not inaugurating development projects worth billions of rupees, he added.

He said the PML-N government only worked for the masses and the country. "The PML-N government not only initiated new projects and completed them but also cleared the past backlog, left unattended by the previous regimes," he added.

He said the PML-N government performed well during the last five years, which was unparalleled in the country's history and its functioning could be compared with others in the last 65 years.

The prime minister noted that the country would only progress through the continuation of democratic system. The policies of the government would continue, he added.

The PML-N government, he said, had completed energy projects and increased the length of motorways to 1700 km.

He said the China Pakistan Economic Corridor (CPEC) would also give a tremendous boost to business and investment activities, and called upon the exporters to take benefit of the economic zones.

The prime minister said the next government would have the prerogative to amend the budget presented by the PML-N government. He, however, said the PML-N would again form the next government.

He said paying of taxes was not an option but a national responsibility and the test of patriotism. Through the use of technology tax evaders would be detected, he added.—APP

https://epaper.brecorder.com/2018/05/14/5-page/716662-news.html

US SANCTIONS ON IRAN DON'T WORRY PAKISTAN

Dawn, The Business and Finance Weekly, May 14th, 2018

Mubarak Zeb Khan

WHILE Pakistan's bilateral trade with Iran remains negligent, the sanctions re-imposed by the United States will further worsen the situation.

US President Donald Trump's decision to withdraw from the Joint Comprehensive Plan of Action (JCPOA) has created uncertainty regarding Islamabad's intention to pursue its trade liberalisation plan with Tehran.

Bilateral trade peaked to $1.2 billion in 2009, but subsequently declined and reached to as low as $358.6 million in 2016 — when the JCPOA was signed.

The official spokesperson of the commerce division said the impact of the sanctions, if any, will depend on how these sanctions are applied. It is, therefore, premature to predict their impact on bilateral trade.

It is premature to predict the impact of the sanctions on bilateral trade

Highlighting the issue as one of a political nature rather than an economic one, the spokesperson passed the buck on to the Ministry of Foreign Affairs whose official statement deals with undermining the value of dialogue and diplomacy in the conduct of international relations.

Before the 2016 deal certain countries such as India, China and Russia did manoeuvre around the sanctions via barter trade.

While Pakistan and Iran already have an operational preferential trade agreement (PTA) — with promises of converting it into a free trade agreement by November 2017 — in the two and a half years since the JCPOA was in effect trade relations with Tehran remained non-existent for Pakistan.

It is in this background that officials in the commerce division remain unconcerned about America's withdrawal from the nuclear agreement, stating that till the time issues previously identified remain unaddressed, it will be difficult to promote bilateral trade with Tehran.

The non-availability of a payment mechanism was a leading road block identified in promoting trade between the two countries.

The central banks of both nations signed a bank payment agreement in April 2017. As per its terms they were to authorise two banks in their respective countries to undertaking trade transactions.

"We have not received a single application from Pakistan's commercial banks to open a branch in Tehran", a source in the State Bank of Pakistan said.

In the absence of regular channels, most of the trade has so far been conducted through informal channels.

A comparison of both country's trade statistics highlight the existence of an active informal channel. Pakistan's trade figures showed exports worth $35.6m in 2016 and imports of $323.1m while Iran's figures state exports to Pakistan at $795.9m while imports at $365.46m during the same year.

For undocumented businessmen the popular mode of payment used for trade with Iran is hundi and hawala. With the latest US sanctions, the use of this mode of payment is expected to rise.

A trade expert opines that in the wake of US sanctions Pakistan can work out a barter system for agriculture products like wheat and rice.

The average amount of the produce in dollar terms should be fixed for the next three years, independent of the dollar, so that fluctuation doesn't affect either party.

https://www.dawn.com/news/1407453/us-sanctions-on-iran-dont-worry-pakistan

ADB TO ENHANCE FUNDING TOWARDS PUBLIC-PRIVATE PARTNERSHIP INVESTMENTS IN PAKISTAN
Dawn, May 15th, 2018

Khaleeq Kiani

ISLAMABAD: The Asian Development Bank (ADB) will enhance its funding towards Pakistan's public-private partnership (PPP) investments in infrastructure development to meet growing demands of this sector currently estimated at $20 billion a year.

The government has made a block allocation of Rs100bn in the next year's federal budget and expects tapping in additional resources from international development lenders to expand the portfolio.

The Asian Bank and the Government of Pakistan have "agreed to chart new ways to pursue more robust and inclusive ADB investments in Pakistan by scaling-up PPPs to tap the private sector resources and to meet the country's rising infrastructure development needs", the ADB said on Monday.

The ADB is currently in a three-day consultative session on its upcoming three-year country programming and PPPs in Pakistan. It said more than 100 delegates comprising senior government officials, leading economists, planners from federal and four provincial governments and ADB key staff were attending the session to discuss the development opportunities and pipeline of projects as part of the ADB's Country Operation Business Plan for the period of 2019-21.

Xiaohong Yang, ADB country director to Pakistan and Takeo Koike ADB's director of PPP, underscored ADB's continued commitment to support Pakistan to achieve its key development goals as part of the country partnership strategy. Ms Yang urged for a closer coordination and consultation between ADB and partners to ensure better and smarter investment programmes to better respond to Pakistan's evolving priorities.

"ADB re-engages its operation in education and health sectors in addition to investments in energy, transport, agriculture and institutional reforms," the bank said.

Patricia Seex, head of Economic Growth Group at UK's Department for International Development (DFID), attended the inaugural session.

The bank said Pakistan's public investment in infrastructure had historically fell short of the estimated annual investment need of 7.6 per cent of the country's gross domestic product (GDP).

The country needs to invest over $20 billion per year on the critical infrastructures.

The current surge in infrastructure spending reaching more than 67pc of the total development budget in the public sector requires effective fiscal consolidation measures and strategies to reduce the deficit and achieve higher level of efficiencies as PPPs carry fiscal risks that need to be mitigated.

The outstanding infrastructure financing from local commercial banks in 2016 was only about $4bn with 65pc of the local bank's lending going into energy projects.

"Project financing in Pakistan is only offered by a few commercial banks, with little or no role of capital markets or other financial institutions. This leads to lack of sufficient financial depth and backing in the country's domestic credit markets to accommodate the long-gestation of infrastructure projects. [In the] meantime, we are in short supply of well prepared and bankable PPP's pipeline," said Ms Yang.

The ADB country director welcomed efforts of the Sindh and Punjab government to develop their investment frameworks to provide an enabling environment for private sector to invest in infrastructure.

https://www.dawn.com/news/1407720/adb-to-enhance-funding-towards-public-private-partnership-investments-in-pakistan

WTO rules in favour of Pakistan, against EU

Mubarak Zeb Khan Updated May 18, 2018

ISLAMABAD: Appellate body, the supreme dispute settlement wing of World Trade Organisation (WTO), has declared European Union (EU) countervailing duties (CVDs) not consistent with its SCM agreement. The EU appealed but was turned down by the appellate body — which upheld the initial decision in favour of Pakistan.

The decision came at a time when United States wants to kill the appellate body but most of the developed and developing countries, including Pakistan, are lobbying for the continuation of the system to ensure rule-based multilateral trading system.

Pakistan's Permanent Ambassador to WTO Dr Tauqeer Shah told Dawn that this is a great win for the country. He said the appellate body has handed a definitive victory in a dispute concerning CVDs on May 16.

This was only the fifth time that Pakistan has had recourse to the WTO dispute settlement system since 1995, and only the third case in which the country chose to pursue the case all the way to a formal panel ruling.

Countervailing duties on PET resin to go

Dr Tauqeer said the appellate body has now upheld certain key parts of a first-level panel ruling issued in July 2017. The WTO panel had ruled in Pakistan's favour on all its important claims, finding that the EU had not properly demonstrated that the Government of Pakistan had granted subsidies to its PET exporters. The union appealed certain elements of those rulings.

According to the judgement, the appellate body has now upheld the panel ruling, fully vindicating Pakistan's position and legal arguments.

Crucially, the appellate body agreed with Pakistan and the panel that the EU's decision to treat as subsidies all amounts of duties rebated under Pakistan's Manufacturing Bond Scheme (MBS) duty drawback scheme was illegal under the WTO law.

The EU had determined that the government's monitoring of rebates under the MBS was inadequate and treated all amounts rebated as a subsidy. Both the panel and the appellate body have ruled that the EU could not automatically treat all of the rebated duties as a subsidy and impose high CVDs on that basis.

Instead, the European Union had to investigate whether any actual excess duty drawback had taken place and could treat that as a subsidy only if it had actual proof. This ruling significantly reduces the level of CVDs that could result from duty drawback schemes.

In addition to the MBS issue, the July 2017 panel had found against the EU on additional issues raised by Pakistan, for instance, that the EU incorrectly calculated the subsidy from a government-administered export loan scheme; that the union had not properly disclosed the results of its "verification" and its analysis of whether Pakistani imports had "caused" injury to its industry was inadequate. The EU did not try to appeal those findings, which means that these verdicts — in favour of Pakistan — stand and are in no way modified by the new judgment.

The appellate body upheld the panel on a very minor issue against Pakistan, concerning the "causation" finding.

The EU revoked its CVD on PET from Pakistan in late 2016, some months before its panel issued the ruling in July 2017.

Thus, the judgment has little immediate effect on Pakistani PET's access to the EU market.

Dr Tauqeer said the ruling is nevertheless highly important and useful, because it will impose strict disciplines on how the EU and other ,embers conduct future investigations on imports from Pakistan. This will serve the country's interests as well as those of WTO membership at large.

Many countries like Pakistan that operate duty drawback regimes can continue to do so, ensuring the competitiveness of their export industries in a WTO-consistent manner, without concerns that an importing country like the EU may, based on an incomplete analysis and without examining all the relevant facts, impose countervailing duties and thereby unfairly reduce the competitiveness of these exports, the ambassador added.

Published in Dawn, May 18th, 2018

https://www.dawn.com/news/1408418

Diversify export base, envoy tells Pakistan

By Imran Rana

Published: May 19, 2018

FAISALABAD: Bilateral trade between Pakistan and Spain is hovering around $1 billion and steps must be taken to tap the potential by encouraging frequent exchange of trade delegations and organising single-country exhibitions, said Ambassador of Spain Carlos Morales.

During a meeting at the Faisalabad Chamber of Commerce and Industry (FCCI), he said that in 2014, Pakistan's exports recorded a phenomenal increase of 44% immediately after the grant of GSP Plus status to Pakistan by the European Union (EU).

He said that Pakistan's exports are mostly restricted to textile and hence, the country should diversify its products, particularly in IT and food sectors.

Pakistan urged to focus on EU, not just China

European countries, including Spain, have developed their agriculture sector, which has now been declared as an industry, he said, adding Pakistan produces a large number of agricultural products, but it lacks processing and value addition.
Morales said that Pakistan has potential to develop its agricultural and livestock sectors to give a quantum jump to its exports. However, for this purpose efficient food processing is imperative, he added.
Pakistan will soon be among Italy's top trading partners: envoy

He also said that he will visit Faisalabad in the middle of July to personally review investment opportunities in the city.

Published in The Express Tribune, May 19th, 2018.

https://tribune.com.pk/story/1713629/2-diversify-export-base-envoy-tells-pakistan/

NEWS COVERAGE PERIOD FROM MAY 7TH TO MAY 13TH 2018
PAKISTAN JOINS WTO BLOC TO FURTHER FREE TRADE
Dawn, May 10th, 2018

Mubarak Zeb Khan

ISLAMABAD: Pakistan on Thursday joined a group of 41 developing and developed countries to support a multilateral trading system for global economic stability, prosperity and development.

The rare block emerged in the wake of recent trade restrictive measures by US President Donald Trump.

Pakistan's Ambassador to World Trade Organisation (WTO) Dr Tauqir Shah told Dawn that the country has played a key role to put together this group in support of a multilateral system.

He said Pakistan is the founding member of the global system and played an important role in the past negotiations. "We will continue to play our part in promoting rules-based multilateral trading system," Shah added. The members welcomed the marked recovery of world merchandise trade in 2017, to which all regions contributed, and are encouraged by the WTO's positive forecast for the next two years.

However, the members are concerned about increased trade tensions and related risks for the multilateral system and world trade. "We encourage WTO members to refrain from taking protectionist measures and to avoid risks of escalation. We call on states to resolve their differences through dialogue and cooperation, including through WTO bodies and, as appropriate, recourse to our dispute settlement," said the joint statement released.

The members consider that action is needed to address major challenges facing the WTO. "We particularly note difficulties in concluding negotiations and divergent positions on trade and development."

With respect to the dispute settlement mechanism, the importance of immediately filling all current and future vacancies on the appellate body was emphasised. "We underline the necessity for members to contribute to keeping the organisation effective, relevant and responsive to representative states' needs, and we commit to continue working with them to improve WTO," added the statement.

Members include Argentina, Australia, Bangladesh, Benin, Brazil, Canada, Chile, Colombia, Costa Rica, Côte d'Ivoire, Dominican Republic, El Salvador, Guatemala, Hong Kong China, Iceland, Kazakhstan, Kenya, Republic of Korea, Lao People's Democratic Republic, Liechtenstein, Malaysia, Mali, Mexico, Republic of Moldova, Myanmar, New Zealand, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Qatar, Singapore, Switzerland, Thailand, the former Yugoslav Republic of Macedonia, Turkey, Ukraine, Uruguay, and Viet Nam.

https://www.dawn.com/news/1406740

RICE EXPORTS POST 27PC INCREASE IN 10 MONTHS
Businesss Recorder, 10 May 2018

KARACHI: Rice exports from Pakistan have seen sizeable growth of 27 percent in the first ten months of current fiscal year (FY18).
Pakistan has exported some 3.228 million metric tonnes of rice amounting to $1.573 billion in July to April of this fiscal year, whereas the country had exported 2.8 million metric tonnes of rice amounting to $1.23 billion in the same period of last fiscal year, depicting a significant growth of 27 percent in terms values and 15 percent in terms of quantity.

Rafique Suleman Senior Vice Chairman Rice Exporters Association of Pakistan (REAP) has said that Pakistan's rice trade has come out of the crisis which was being observed since last three years.

"With joint efforts of REAP Office Bearers with Trade Development Authority of Pakistan (TDAP) and Customs, value of rice export trade is showing improvement which is a good sign for our country. Further, REAP members are putting their untiring efforts and aggressive marketing to increase the rice exports and to earn valuable foreign exchange for our beloved country Pakistan," he added.

He said that Pakistani rice exporters are putting their extra ordinary efforts for fetching valuable foreign exchange for the growth of economy of our beloved country and making huge investment for installing world's latest rice machinery and most modern technology for value addition in rice.

He informed that recently, REAP has organized its 10th Export Trophy Awards, in which Mamnoon Hussain President of Pakistan has awarded Best Exporters awards to many rice exporters to recognize the excellent services of their performance towards the growth of country's economy.

He informed that REAP is sending trade delegation to various countries for the aggressive marketing of Pakistani rice. In this regard, last month a delegation has come back after the successful visit to Iran, which is very lucrative and potential market for Basmati rice.

Suleman said that few years back Pakistan was exporting huge quantity of rice to Iran, however, since last year, we can only export upto 0.1 million tonnes of rice. After their meetings with many government authorities, Government

Trading Corporation (GTC) has issued tenders for 20,000 Metric tonnes of Basmati Rice, in which many Pakistani rice exporting companies will participate and we are hopeful that a handsome amount of foreign exchange will be fetched by Pakistani rice exporters.

In addition, China is one of the largest importer of Pakistani Non-Basmati rice. As at the end of April 2018, we have exported 274,000 Metric tonnes of rice valuing $100 million.
https://epaper.brecorder.com/2018/05/10/7-page/715962-news.html

PAKISTAN'S TRADE DEFICIT WIDENS 14.3% TO $29.8 BILLION
The Express Tribune, May 11th, 2018.

Pakistan's trade deficit is now near $30 billion in just ten months, which is higher than even revised estimates despite solid growth in exports for the second month in a row.

Pakistan exported goods worth $2.13 billion in April, a year-on-year increase of 18.7%, according to the Ministry of Commerce. The growth in exports came on the back of tax incentives and rupee devaluation.

"Pakistan is now 8th in the world in terms of export growth, coming up from 158 in 2016-17," said Commerce Secretary Younus Dagha while hoping that the growth momentum will continue in the remainder two months of the fiscal year.

But the increase in exports was outpaced by soaring imports.

The trade deficit still widened 14.3% year-on-year to $29.8 billion in the cumulative ten-month period (July-April), surpassing the revised estimated deficit for the entire fiscal year. Against the original trade deficit estimate of $25.7 billion, the Ministry of Finance had estimated that the deficit could swell to $29.4 billion for fiscal year 2017-18 due to higher imports.

The higher-than-officially-projected trade deficit in just ten months will have adverse implications for both the current account deficit and foreign currency reserves.

Foreign currency reserves are already hovering in the trajectory of $11 billion despite commercial loans from China. Exports in July-April were up by 13.7% to $19.2 billion, equal to 84% of the annual export target of $23.1 billion. This suggests that the government may at last achieve its annual export target during its last year in power. In absolute terms, export receipts were up by $2.3 billion during the first ten months. The Ministry of Commerce credited the Prime Minister's export package for strong growth in exports. The PM's incentive package is going to end in June this year and so far, authorities have not taken a decision whether to extend it. The textile sector is in favour of further extending the package aimed at consolidating the gains.

The over 10% devaluation of the rupee against the US dollar is also expected to give a major boost to exports in the coming months.

However, the problematic area remained the imports, which is also overshadowing strong growth in exports. The value of imports stood at $49.5 billon, which was 14.1% or $6.1 billion higher than the import bill booked during the first ten months of the last fiscal year. The ten-month import bill exceeded the government's original estimates of $48.8 billion imports in this fiscal year. Now, it has revised the estimates to $54.2 billion for the outgoing fiscal year.

Export receipts are still 257% less than the import bill in the first ten months. The higher trade deficit is on an already higher base, as Pakistan had closed the last fiscal year at a record $32.4-billion deficit.

Pakistan is expected to book a current account deficit of around $16 billion during the current fiscal year 2017-18 – against the government's target of $9 billion.

Foreign remittances are still growing despite apprehensions of a slowdown due to economic and social conditions in the Gulf countries. This will partially offset the impact of growing trade deficit on the external account. During the first ten months, foreign remittances amounted to $16.3 billion, registering almost 4% growth.

On a year-on-year basis, Pakistan's exports grew to $2.13 billion in April over the same month of the previous fiscal year, according to the Ministry of Commerce. Exports were higher by 18.7% or $335 million over the receipts of April 2017.

Imports grew by only 3% and the country booked $5.1 billion import bill in April. The import bill was $147.5 million more than that of April 2017. The ministry stated that imports are now finding their real value by improved exchange rate regime and regulatory duties on non-essential and luxury goods. However, imports remained under pressure due to continuation of oil prices on the higher side, it added.

The trade deficit during stood close to $3 billion in April 2018, said the commerce ministry. The $3-billion trade deficit was 6% or $187 million less than the previous year.

On a month-on-month basis, exports in April nominally decreased by 4.4% to $2.13 billion over March. Exports were $99 million down than the receipts in the preceding month. Imports in April also decreased 3%. The month-on-month trade deficit this time was down by 2% or $72 million.

https://tribune.com.pk/story/1707385/2-pakistans-trade-deficit-widens-14-3-29-8-billion/

NEWS COVERAGE PERIOD FROM APRIL 30TH TO MAY 6TH 2018
IMF OPTION ONLY IF TRADE DEFICIT NOT CONTROLLED: MIFTAH
Dawn, May 2nd, 2018

KARACHI: Federal Finance Minister Miftah Ismail said if the government fails to curtail trade deficit, the country will have to resort to the International Monetary Fund (IMF) for financial assistance.

Addressing a post-budget seminar organised by the southern regional committee of the Institute of Chartered Accountants of Pakistan (ICAP) on Monday, he said with the measures PML-N government has taken, there would be no need to resort to the IMF programme.

"I am leaving the goods in order by May and if the next government (caretaker) keeps the things as normal by June, we will not be required to go to IMF," he said.

"If we do what the IMF wants us to do then there will be no need for the programme. We need to correct our financial affairs before IMF's extortion by increasing exports and reducing imports," he emphasised.
According to a press release, Miftah said whatever anomalies are in the budget would be fixed within two weeks. The government has reduced tax rates and now everybody will have to come into the tax net. Only 1.2 million out of total population of 200m people currently pay tax.

The tax relief provided to the salaried class would reduce government's revenue but would have long term impacts as more people will opt to come in the tax net, he added.

The Federal Board of Revenue (FBR) is estimated to collect Rs3,935 billion revenue in the current fiscal year ending on June 30. "We have more than doubled the tax collection during the last five years. For 2018-19, we have set Rs4.45 trillion collection target," he said.

Miftah said the government is targeting the inflation rate to be six per cent for the next year, growth at 6.15pc and 11pc increase in revenue.

He stressed the need to raise growth rate to 8-10pc to alleviate poverty from the country and create job opportunities as other now-developed countries did.

With regards to the export package, he said a committee would be notified within couple of days.

Chairman Fiscal Laws Committee ICAP Ashfaq Tola said that there are few anomalies left in budget that need to be corrected. ICAP is doing its best efforts and we have held marathon session with FBR and submitted our proposals. The FBR has accepted many of them, he claimed.
https://www.dawn.com/news/1405104

TRADERS SET UP PROTEST CAMP AGAINST ‘LOSSES’ CAUSED BY BRT
Dawn, May 03, 2018

PESHAWAR: The business community set up a protest camp here on Wednesday against the provincial government for its failure to pay compensation to the shopkeepers affected by the work on the Bus Rapid Transit project and damage to heritage sites, and warned to announce a shutter down strike if their demands not met at the earliest.

Speaking at a gathering of shopkeepers at the protest camp at Chowk Yadgar, traders’ representatives said the provincial government had launched work on the BRT without taking them into confidence. They said the government had promised to complete work on the ongoing developmental projects within stipulated period but it could not do so, further adding to the misery of the business community.

Briefing mediapersons, traders’ leader Mujeeb-ur-Rehman said that the business community had already suffered heavily due to the prolonged militancy and many of the people had shifted business to other cities or abroad.

He said the traders were not against the mega uplift schemes which, he added, should be launched in a way to avoid frequent changes to the design, litigations and delays in getting NOCs from relevant departments. He referred to the suspension of work on BRT near Gharbi police station on Sher Shah Suri Road, saying it was left halfway as Wapda was not issuing the NOC.

Mr Rehman said the traders would continue to protest against RLNG, sales tax, increase in income tax on different items. Besides, he also criticised the Khyber Pakhtunkhwa Food Authority for imposing fines on shopkeepers only to generate revenue for the provincial government.

“We will hold a protest rally within a couple of days to announce future line of action to get our demands accepted,” he said. He also urged the government to stop conducting raids on food outlets and shops.

Meanwhile, Pakistan Peoples Party women wing provincial president Nighat Orakzai, expressing her solidarity with the protesting traders, criticised the provincial government for failing to fulfill its commitments with the people during its five-year term.

The lawmaker said if a government was unable to spend its budget then how it could be called a successful set up. “We are standing by the traders and will support them in and out of the provincial assembly as the delay in construction of development schemes had forced the people to keep their shops closed for months,” she said.

https://www.dawn.com/news/1405228

COMMITTEE FORMED TO BOOST TRADE WITH KENYA
Dawn, May 3rd, 2018

KARACHI: Pakistan and Kenya have set up a trade committee for the promotion of bilateral trade which will also promote stronger socio-economic links between the two countries.

The decision was taken at Kenya-Pakistan Trade and Investment Conference held on Wednesday, and inked by Federal Minister for Commerce and Textile Mohammad Pervaiz Malik and Kenya's Cabinet Secretary for Foreign Affairs, Investment and Trade Dr Monica Juma.

The committee will hold two meetings annually of which the first is expected to be in Nairobi within two months. It will take up issues related to tariff and non-tariff barriers and also draw a framework for holding exhibitions and exchange trade delegations between the two countries.

Malik said the government wants to explore new markets and Kenya, being a gateway to Africa, will be helpful in expanding Pakistan's trade relations with other African countries. There is a big potential for enhancing bilateral trade between the two countries and the target for the next five years has been set at $1.25 billion, he added.

He further said that both the countries already have banking channels in place with Habib Bank Ltd having its branch in Nairobi, Kenya. However, Malik stressed on the need to have strong ties between the private sectors of the respective countries.

Ms Monica Juma pointed out that Kenya is the first African country to engage in such an agreement with Pakistan and also emphasised the role of private sector in the promotion of bilateral trade.

Ms Juma also sought Pakistan's assistance in training and research and appreciated the country's technical support in imparting IT-related skills to Kenya's government departments.

https://www.dawn.com/news/1405294
NORMALCY CAN HELP BOOST INDO-PAK TRADE VOLUME TO $30BN: BISARIA
Dawn, May 6th, 2018

KARACHI: Despite many issues and hindrances, bilateral trade between India and Pakistan reached $2.2 billion in 2016-17, though there is a potential to go up to $30bn per year, Indian High Commissioner to Pakistan Ajay Bisaria said on Saturday.

During an interaction with members of Karachi Chamber of Commerce and Industry (KCCI) and media at the chamber, the high commissioner's comments were sought on the China-Pakistan Economic Corridor (CPEC). "The country's (India) position is very clear on CPEC for certain reasons. However, it is good to establish connectivity in the region," he said.

The envoy stressed that there was a lot of positivity among the people of India and Pakistan. "The governments also have positive intentions to normalise relations. There is need for taking at least small positive steps to create environment for major decisions on different counts," he added.

Moving towards this direction, India has taken a "baby" step by softening its visa policy for Pakistan's senior citizen and the children under the age of 12 years, and issuing visas on humanitarian ground in some cases.

Responding to a question, he said normally it took 30 to 35 days to process an application by a Pakistani citizen for an Indian visa. However, the Indian mission here has tried its best to make the process easier, he added.

When pointed out that Pakistani businessmen were issued India visas at the eleventh hour to attend or participate in any trade event, the Indian high commissioner assured that in future they would get visa in time.

He suggested that business communities and the general public on the both sides should come up and form pressure groups/lobbies to push their government to work for closer relations in the two countries.

He was optimistic that both the governments had adopted positive approach and had agreed that both the countries should respect each other.

He said both the countries had also decided to exchange the prisoners.

He appreciated Pakistan Navy's good gesture to save India fishermen from drowning in the sea.

The India diplomat said there should also be a series of cricket matches between the two neighbouring counties to normalise the environment and bring the people closer.

He said Karachi was a safer place even for foreigners. To another query, he said it was possible that both the countries could exchange students especially in the field of management.

President KCCI Muffasar Atta Malik, Chairman, Businessmen Group KCCI Siraj Kassam Teli, Senior Vice President KCCI Abdul Basit Haji Abdul Razzaq and former president KCCI A Q Khalil were also present at the gathering.

https://www.dawn.com/news/140592

June 2018

NEWS COVERAGE PERIOD FROM JUN 18th TO JUN 24th 2018

Pakistan, Tajikistan agree to boost annual trade to $500m

APP Updated June 20, 2018

DUSHANBE: Pakistan and Tajikistan on Tuesday agreed to further strengthen their relations by adopting measures to take bilateral trade to $500 million per annum, immediate revival of air links and early implementation of the CASA-1000 (Central Asia South Asia) electricity project.

The two sides reached the agreement during talks between President Mamnoon Hussain and his Tajik counterpart Emomali Rahmon at the state guest house.

President Hussain, who was in Dushanbe on a four-day official visit on the invitation of President Rahmon, held a one-on-one meeting and delegation-level talks with his Tajik counterpart.

During the talks, the two sides agreed to give new impetus to their ties through enhanced cooperation in diverse areas, including trade, energy, connectivity, defence, health, education and culture.

In a joint press statement, the presidents of the two countries expressed their satisfaction and were confident about the positive and mutually beneficial outcome of the talks.

President Hussain said as Pakistan and Tajikistan enjoyed historical, cultural and fraternal bonds, their relations had been further strengthened by close cooperation and regular exchange of high-level visits since the latter's independence in 1991. Pakistan was among the very first few countries to recognise Tajikistan's independence and establish diplomatic relations, he added.

He praised the Tajik president and his government for the initiative to host the conference on International Decade for Action: Water for Sustainable Development, 2018-28. He said the two brotherly countries enjoyed excellent cooperation at multilateral fora, including the UN, the OIC, the ECO, and the SCO. Pakistan's full membership in the SCO last year opened even more avenues for increased cooperation between the two countries, he added.

President Hussain said he and his Tajik counterpart discussed and reviewed the whole spectrum of bilateral cooperation, particularly in the areas of energy, connectivity, trade and security and defence. "We also discussed important regional and international issues of mutual concern, he added.

He said the two sides noted with satisfaction on the implementation of the decisions taken at the fifth Joint Ministerial Commission (JMC) meeting, which was held in June 2016.

The decisions also included the formation of four joint working groups to foster increased collaboration in areas of energy, trade, investment, transport, agriculture, industry and science and technology, he added.

President Hussain said the joint working groups on trade, investment, transport, oil and gas had come up with concrete proposals to increase cooperation in relevant areas. Both sides were working on those proposals, he added.

He said the dates for the meetings of other joint working groups, which would meet soon, were being worked out.
He said he looked forward to Tajikistan's formal accession to the Quadrilateral Agreement on Traffic in Transit with Pakistan, China, Kyrgyzstan and Kazakhstan. This agreement would provide a legal framework to Tajikistan to utilise Pakistan's land routes for "use of our seaports", he added.

President Hussain said Pakistan, like Tajikistan, attached great importance to the early completion of the CASA-1000 power project. "We have, therefore, resolved to take all necessary measures to ensure the project completion as soon as possible," he added.
He said the two sides also discussed the road, rail and air connectivity, which was crucial to regional integration and promotion of bilateral trade, tourism and people-to-people contacts. "We have, therefore, resolved to multiply our efforts to increase connectivity and work towards resumption of air flights between the two countries," he added.
Published in Dawn, June 20th, 2018
https://www.dawn.com/news/1414898/pakistan-tajikistan-agree-to-boost-annual-trade-to-500m

Textile exports up by 28.42pc in May

ZAHEER ABBASI

ISLAMABAD: Exports of textile group registered a growth of 28.42 percent in May 2018 and increased to US $1.204 billion from US $ 937.723 million for the same month a year before.

According to Pakistan Bureau of Statistics (PBS) data for selected commodities released on Wednesday, export of raw cotton increased by 90.94 percent to US $970,000 as compared to US $508,000 for the same month of the last fiscal year while export of cotton yarn increased to US $130.138 million from US $92.135 million.

Export of cotton cloth increased to US $191.681 million in May 2018 from US $157.012 million in May 2017 following a growth of 22.08 percent while export of yarn other than cotton yarn increased to US $3.785 million in May 2018 from US $2.123 million in May 2017, showing a growth of 78.29 percent.

Export of knitwear registered an increase of 39.20 percent to US $258.864 million in May 2018 as opposed to US $185.969 million for the same month of last year and export of bed wear were increased to US $199.971 million in May 2018, 27.97 up over US $156.269 million for the same period of the last fiscal year. Export of towels increased to US $69.149 million in May 2018 which are higher by 14.18 percent over US $60.561 million for May 2017, export of

tents, canvas and tarpaulin were US $7.813 million in May 2018 against US $4.785 million for the same month of last year.
Export of readymade garments increased to US $223.375 million in May 2018 over US $180,156 million for the same month of the last year and registered a growth of 23.99 percent while export of art, silk & synthetic textile were US $27.666 million in May 2018 against US $23.439 million for the same month of last year, registering a growth of 18.03 percent. Export of made-up articles (excluding towels & bed-wear) increased to US $58.841 million in May 2018 from US $46.907 million for May 2017, showing a growth of 25.44 percent while exports of other textile materials went up to US $32.006 million in May 2018 from US $27.859 million for the same month of last fiscal year subsequent to 14.89 percent growth.
A growth of 9.82 percent was recorded in exports of textile sector during the last eleven months (July 2017-May 2018) of the current fiscal year and they increased to US $12.336 billion from US $11.232 billion for the same period a year before.

Export of raw cotton increased by 32.66 percent to US $57.541 million from US $43.374 million while export of cotton yarn increased by 9.97 percent in July-May 2018 to US $1.247 billion from US $1.134 billion during the period under review.

Export of cotton cloth increased by 2.80 percent in July-May 2018 to US $2.015 billion from US $1.96 billion and export of yarn other than cotton yarn increased by 38.01 percent to US $30.273 million in July-May 2018 from US $21.935 million in July-May 2017.

Export of knitwear increased to US $2.460 billion in July-May 2018 from US $2.106 billion for the same period of the last year, export of bed wear increased to US $2.055 billion from US $1.927 billion and export of towels increased to US $736.924 million in July-May 2018 from US $724.863 million for the same period of the last year.

https://epaper.brecorder.com/2018/06/21/21-page/723538-news.html
NEWS COVERAGE PERIOD FROM MAY 28th TO JUN 3rd 2018
Export package given three-year extension

MUSHTAQ GHUMMAN | MAY 31ST, 2018 | ISLAMABAD
Economic Coordination Committee (ECC) of the Cabinet Wedne-sday approved extension of Prime Minister's Export Package for the next three years (up to June 30, 2021). According to Commerce Secretary Younus Dagha, the components of the export package are estimated to provide competitive benefits of around Rs 65 billion annually, including Rs 41 billion in Drawback of Local Taxes and Levies (DLTL) to the export sector.
Ministry of Commerce and Textile proposed a five-year (2018-23) export package for all the 'deserving' export-oriented sectors with an estimated financial impact of around Rs 240 billion in five years.
The ECC approved the Prime Minister's package of incentives of Rs 180 billion for exporters of textile and non textile sectors on shipments made from January 16, 2017 to June 30, 2018. The package was aimed at improving export competitiveness which had been adversely affected due to high energy costs, rupee depreciation and high import tariffs on inputs. The package was improved further by the ECC on October 6, 2017 by allowing 50 per cent of the incentives to all eligible sectors and the remaining 50 per cent to those exporters who enhance their exports by at least 10 per cent in FY 2018 compared with FY 2017. Besides, in order to encourage market diversification, 2 per cent of FOB value was allowed for exporters of non-traditional markets.

Prime Minister's export package has contributed towards bringing about a turnaround in exports in FY 2018 which had been continuously declining since FY 2014. During July-April 2017-18, exports registered an increase of 14 per cent with the corresponding period of the previous year. It contributed additional $ 2.3 billion foreign exchange earnings during this period. The additional gains are estimated at around $ 2.5 billion by the end of the financial year 2017-18.

The export package is scheduled to conclude on June 30, 2018. During recent months, though exchange rate has been rationalised reducing one element of extra costs from the export sector, the other major factors viz. energy costs and high tariffs on raw materials and intermediate goods continue to affect the export competitiveness vis-à-vis regional competitors.
Commerce Division argues that in order to maintain the growth momentum, the export package needs to be continued. However, the package in its present form, with only 10.4 per cent incentive for non-textile sector which contributes 40 per cent to the national export basket, does not facilitate the efforts of diversification of exports into non-traditional sectors.

After explaining the entire current situation of exports, Ministry of Commerce and Textile proposed that to improve competitiveness and incentivise investment in exports-oriented production, the Drawback of Local Taxes and Levies (DLTL) may be extended, on the same terms and conditions, for the commercial and manufacturer exporters for five years and the zero rating of textile machinery imports and withdrawal of duty on manmade fibres, other than polyester, may be continued. Besides, in order to encourage more non-traditional sectors, electric fans, electrical appliances, electrical equipment and cables, transport equipment including more bikes, spots bags, leather products e.g. leather wallets, auto-parts, stationary, furniture, pharmaceutical products, fresh fruits & vegetables, meat and meat preparations including poultry, juices & syrups may be included in the package.

The Ministry of Commerce proposed the following options for the DLTL: (i) all the existing sectors and new non-textile sectors may be allowed DLTL at the existing rate at an estimated cost of Rs 79 billion; (ii) the existing sectors excluding raw materials (such as yarn, fabrics, tanned leather etc) and new non-textile sectors may be allowed DLTL at the existing rate (estimated cost Rs 64 billion); (iii) in case the fiscal space is restrictive, the existing and new non-textile sectors may be allowed at the reduced rate (estimated cost of Rs 43 billion); and (iv) the existing sectors excluding home textiles/ made- ups and raw materials (such as yarn, fabrics, tanned leather etc.) and new non-textile sectors , may be allowed DLTL at the reduced rate (estimated cost Rs 27 billion).

An official statement issued by the Commerce Division, states that the package aims at improving the competitiveness of the textile and non-textile export sector to continue the export growth in the coming financial years.

Highlights of Rs 65 billion Exports Package:
New sectors included for duty drawback: (i) electric fans; (ii) transport equipment; (iii) auto parts and accessories; (iv) Machinery incl. Electrical Machinery; (v) furniture; (vi) Stationary; (vii) fruits (viii) vegetables; (ix) meat and meat preparations; (x) poultry and poultry preparations.

Exports to non-traditional markets will continue to receive 2 percent more yarn, grey fabric and tanned leather, being raw materials have been excluded from the eligible sectors.

The eligible sectors continued for the extended package are: (i) textile garments; (ii) processed fabric; (iii) home textiles; (iv) gloves; (v) footballs and other sports goods; (vi) leather garments (vii) other leather goods including bags, wallets and belts (viii) footwear; (ix) surgical goods and
(x) cutlery.

Packaging material has now been allowed for Zero rating and GST refunds. Ministry of Commerce had sought tariff reduction on import of 484 export sector inputs out of which 255 recommendations have been included in the Finance Bill approved by the parliament. For the first time commercial importers will also be entitled.

https://fp.brecorder.com/2018/05/20180531376061/

July 2018

NEWS COVERAGE PERIOD FROM JULY 23RD TO JULY 29TH 2018

G20 agriculture ministers slam protectionism, pledge WTO reforms

Scott Squires, Luc Cohen

BUENOS AIRES (Reuters) – Agriculture ministers from the G20 countries criticized protectionism in a joint statement on Saturday, and vowed to reform World Trade Organization (WTO) rules, but did not detail what steps they would take to improve the food trade system.

In the statement, they said they were “concerned about the increasing use of protectionist non-tariff trade measures, inconsistently with WTO rules.”

The ministers from countries including the United States and China, in Buenos Aires for the G20 meeting of agriculture ministers, said in the statement they had affirmed their commitment not to adopt “unnecessary obstacles” to trade, and affirmed their rights and obligations under WTO agreements.

The meeting came amid rising trade tensions that have rocked agricultural markets. China and other top U.S. trade partners have placed retaliatory tariffs on American farmers after the Trump administration put duties on Chinese goods as well as steel and aluminum from the European Union, Canada and Mexico.

U.S. growers are expected to take an estimated $11 billion hit due to China’s retaliatory tariffs. Last week, the Trump administration said it would pay up to $12 billion to help farmers weather the trade war.

U.S. Agriculture Secretary Sonny Perdue told Reuters in an interview on the sidelines of the meeting that Trump’s plan would include between $7 billion and $8 billion in direct cash relief that U.S. farmers could see as early as late September.

Despite the payments, the measures are “not going to make farmers whole,” Perdue said.

Citing the Trump administration’s relief measures, German Agriculture Minister Julia Kloeckner said farmers “don’t need aid, (they) need trade.”

“We had a very frank discussion about the fact that we don’t want unilateral protectionist measures,” Kloeckner said in a news conference after the meeting.

The ministers, whose countries represent 60 percent of the world’s agricultural land and 80 percent of food and agricultural commodities trade, did not specify which measures they were referring to in the statement. Asked for details, Kloeckner said the ministers did not want to “criticize a single country.”

“We all know what happens if a single person or country doesn’t adhere to WTO rules, trying to get a benefit for themselves through protectionism,” she said. “This will usually lead to retaliatory tariffs.”

In the statement, the ministers said they agreed to continue reforming the WTO’s agricultural trade rules.

“Independent of all the news there was surrounding (the meeting), we managed to reach a unanimous consensus,” Argentine Agriculture Minister Luis Miguel Etchevehere said.

U.S. President Donald Trump and European Commission President Jean-Claude Juncker struck a surprise deal on Wednesday that ended the risk of further escalating trade tensions between the two powers.

After the meeting, Trump said the European Union would buy “a lot” of U.S. soybeans.

Earlier, Kloeckner told Reuters that the trade relationship between the United States and the European Union was improving, but that there was no guarantee the bloc would import the quantity of soybeans that Washington expects.

Reporting by Scott Squires and Luc Cohen; Editing by Diane Craft and Matthew Lewis

Our Standards:The Thomson Reuters Trust Principles.

https://www.reuters.com/article/us-g20-argentina/g20-agriculture-ministers-express-concern-about-protectionist-measures-idUSKBN1KI0IO

NEWS COVERAGE PERIOD FROM JULY 16TH TO JULY 22ND 2018
Is the death knell ringing for the WTO?
Hussain H. Zaidi July 16, 2018

The current trade war between the United States on the one hand and some of the world's largest economies and trading nations on the other has put the relevance of the World Trade Organisation (WTO) under question.

If countries or blocs can impose punitive tariffs on each other's imports in tit-for-tat moves, does the existence of the multilateral organisation, which sets the rules for international trade, really matter? The inordinate stalemate in concluding the Doha round has already raised questions about the efficacy of the WTO.

The WTO agreements confer certain rights and obligations on members with regard to both general rules or principles, which together define what members are entitled to do and what they cannot do, and specific commitments which each member has undertaken, such as tariff reductions and elimination of quantitative restrictions.

After the imposition of punitive tariffs on imports of aluminium and steel, China and India have also announced retaliatory tariffs on US products

As the WTO is a rule-based system, its members can impose additional tariffs on imports over and above their commitments only subject to following a due process. The WTO body of agreements spells out the special circumstances in which additional tariffs can be imposed together with the procedure which must be followed. As we shall see, a resort to retaliatory tariffs is in principle prohibited.

First, under the General Agreement on Tariffs and Trade (GATT), a country can impose additional import tariffs as well as quantitative restrictions to overcome a serious balance of payment (BoP) problem. Two, under the Agreement on Safeguards, a country can restrict imports of a product if they increase to such a high level as to cause or threaten to cause serious injury to competing domestic products. Imports can be restricted either by increasing the bound rate of tariffs or by clamping quantitative trade restrictions or quotas on them.

Three, as provided by the Agreement on Subsidies and Countervailing Measures (SCM) and the Anti-dumping Agreement, additional tariffs in the form of countervailing duty (CVD) or anti-dumping duty (ADD), as the case may be, can be imposed on subsidised or dumped imports if they cause or threaten to cause material injury to the domestic industry of a member country. However, the safeguards, CVD or ADD can only be imposed subject to an inquiry in which the importing countries must be given a reasonable opportunity to present their position.

In addition, a country can prohibit the import of a particular product on religious or moral grounds; to protect human, animal, or plant life or the environment; or to protect its essential security interests. The presumption is that such measures shall not be invoked arbitrarily and shall be necessary to obtain a legitimate policy objective. There is no provision in the WTO agreements for imposing additional tariffs on imports for security reasons.

If the exporting country feels that the imposition of additional tariffs on its products is unlawful, it can invoke the dispute settlement procedure of the WTO. In the dispute settlement process, an independent panel of experts, subject to an appellate review, makes rulings or recommendations whether or not the measure in question is consistent with a covered WTO agreement and that if it is inconsistent it should be made WTO-consistent or withdrawn. Such rulings or recommendations, however, have no legal effect until adopted by the dispute settlement body (DSB), which represents the entire WTO membership. In case the respondent country does not withdraw the measure in question within the stipulated time, the complainant can retaliate. However, any such retaliation must be authorised by the DSB. Unilateral retaliation is forbidden.

The current trade war has made a blatant departure from these binding rules. The US decision to levy punitive tariffs up to 25 per cent on the import of aluminium and steel from China, European Union, Canada and some other countries was based on national security reasons and following an inquiry by the Department of Commerce.

Under Article XXI of GATT, a country can invoke national security provisions in three sets of circumstances: one, to implement a United Nations resolution; two, to check the import of nuclear related materials and traffic in arms and ammunition; and three, to withhold information the disclosure of which would be contrary to its essential security interests. Obviously, the punitive tariffs on the import of metals did not satisfy the relevant criteria. Likewise, China has been accused by the United States of intellectual property rights (IPR) violation. But instead of challenging the alleged IPR violations in the WTO, the United States penalised Chinese imports on its own.

The response of US trading partners has also been arbitrary and unlawful. Instead of taking the United States to the WTO and waiting for adjudication by independent panels, they have proceeded unilaterally. The European Union and Canada have imposed duties on several American imports while China and India have announced retaliatory tariffs on US imports. South Korea, Argentina, Australia and Brazil have decided to put quantitative limits on the import of metals from the United States. These developments indicate that powerful countries can bypass the relevant rules and institutions without much ado. Such an attitude may sound the death knell for the WTO.

Published in Dawn, The Business and Finance Weekly, July 16th, 2018

https://www.dawn.com/news/1420253/is-the-death-knell-ringing-for-the-wto
Islamabad, Kabul urged to review trade pact
Bureau Report July 22, 2018

PESHAWAR: The business community has expressed concern over the decreasing trade volume between Pakistan and Afghanistan and blamed bureaucracy of both the countries responsible for the pathetic situation of economy in the region.

In a statement issued here on Saturday, Pak-Afghan Joint Chamber of Commerce and Industry Director Ziaul Haq Sarhadi said the trade volume between Pakistan and Afghanistan had decreased from $2.5 billion to $5million only. He said business community of both the countries wanted the trade volume to increase to $5 billion.

Mr Sarhadi feared that if both the countries did not review the 2010 Pak-Afghan Transit Trade Agreement (PATTA) to remove the hurdles in bilateral trade the business situation would further worsen and its ultimate sufferer would be Pakistan as Afghanistan had already improved trade relations with both India and Iran.

The PATTA, he said had been signed under pressure which was already sabotaged in the prevailing uncertain regional situation.

Mr Sarhadi said several meetings between officials of Pakistan and Afghanistan had been held in the recent past but they failed to yield any positive results.

The Globalization Bulletin
Trade liberalization
Published in Dawn, July 22nd, 2018

https://www.dawn.com/news/1421642/islamabad-kabul-urged-to-review-trade-pact

NEWS COVERAGE PERIOD FROM JULY 9TH TO JULY 15TH 2018
Pakistan's trade deficit skyrockets to historic high

By Shahbaz Rana

Published: July 12, 2018

ISLAMABAD: Despite taking numerous administrative measures and devaluing currency by close to 15%, Pakistan booked its highest trade deficit in history in the recently-ended fiscal year, as authorities and PML-N government miserably failed to increase exports and contain the import bill.

The trade deficit in the 12 months of fiscal 2018 stood at $37.7 billion with imports standing at a record $60.9 billion.

The gap between exports and imports weighed heavily on the country's external sector and pulled official gross foreign currency reserves down to a single digit. The deficit not only broke the year old record but also surpassed the government's own revised estimate.

"During fiscal year 2017-18, trade deficit stood at $37.7 billion, which was 16% or $5.2 billion more than the comparative period of the previous year," the Pakistan Bureau of Statistics (PBS) announced on Wednesday.

Trade deficit widens to $27.3 billion even as Pakistan records higher exports

The last government of the PML-N had projected to limit the deficit to $25.7 billion. In April, it revised the estimates to $29.4 billion. However, the final trade gap was $12 billion higher than the original estimates of the Ministry of Finance, highlighting its severe capacity constraints.

The fresh statistics have deepened concerns about long-term sustainability of the external sector, which the last government maintained by borrowing from foreign countries and commercial banks. The results suggest that another bailout programme from the International Monetary Fund is now just a matter of time.

According to experts, cheap imports from China have also started to hurt import-substitution industries.

Owing to the swelling trade deficit, the country's balance of payments is now projected to worsen to levels never anticipated by the finance ministry.

In its budget documents, the ministry has now revised the current account deficit projection to $9 billion for the last fiscal year. The eleven-month current account deficit has already widened to $16 billion.

Former finance minister Ishaq Dar is being blamed for this poor economic show. Caretaker Finance Minister Dr Shamshad Akhtar on Wednesday blamed the weak economic management for a 15-year high debt level of 72% of the GDP. The financing of the current account deficit by taking more loans was also one of the reasons for high debt accumulation.

Pakistan's trade deficit widens 14.3% to $29.8 billion

Exports increased 13.7% to $23.2 billion in last fiscal year, which were $2.8 billion higher than the comparative period of the preceding year. But an increase of $2.8 billion in exports in the year was not even sufficient to finance a month's trade deficit that remained above $3.8 billion. Exports remained below the revised estimates of $24.9 billion.

In comparison, the import bill widened 15.1% to $60.9 billion in last fiscal year. It was the highest ever import bill that Pakistan paid in a single year since its creation.

"Pakistanis love to consume but high trade deficit is no more sustainable," said Akhtar.

In absolute terms, imports were $8 billion higher than the preceding year.

The devaluation could not contain the import bill but it added Rs1.190 trillion in public debt, according to Director General Debt Office's statistics.

Current account deficit widens 28.74% to $1.61b

The trade deficit in June was 46.1% more compared to the corresponding period of the previous year and the main reason was record imports worth $5.7 billion in the month, showed PBS data. The trade deficit stood at $3.8 billion in June, which in absolute terms was $1.2 billion higher than the deficit in June 2017.

The imports in June grew 26.2% to $5.7 billion. In comparison, exports in the month dropped 1% to only $1.9 billion.

On a month-on-month basis, exports in June slumped almost 12% compared to May. In absolute terms, exports were down $257 million. There was a marginal contraction in imports on a month-on-month basis.

Published in The Express Tribune, July 12th, 2018.

https://tribune.com.pk/story/1755608/2-pakistans-trade-deficit-skyrockets-historic-high/

Globally-known US companies to invest in Pakistan soon: FM
RECORDER REPORT | JUL 13TH, 2018 | KARACHI

Federal Minister for Foreign Affairs, Defence and Maritime Affairs, Abdullah Hussain Haroon, said on Thursday that the world has begun looking towards Pakistan as a major investment destination and soon the United States' world-known companies would invest in Pakistan. "USA and European countries finally found Pakistan as an attractive place for investment," he remarked, speaking at the members of

English-Speaking Union (ESU) at Beach Luxury Hotel, here. Foreign Minister spoke on Pakistan's foreign policy and responded to questions from the audience. Some diplomats posted in Karachi also attended this important session. ESU president Aziz Memon, vice president Kaleem Farooqui and Majyed Aziz welcomed Haroon, who also had remained office bearer of the ESU for a long time.

"It is for the first time since World War-II that global situation has changed," he said, adding that it seems to be miracle that geo-strategic scenario has changed. The Minister said that after WW-II, whether we like or not, this is happening. He said great instruments remain available in present era as South Asia has big potential.

On Pakistan and India's relations, he said, it is normal thing because ups and downs are seen (everywhere) in politics. "Pakistan and India must talk to each other for the good of the two nations," he said, emphasising that Pakistan must pursue an ideal peaceful neighbourhood and regional harmony. He said Pakistan would have to talk to every one.

“India should not be scared of developing better relations between Pakistan and Russia,” he said. Haroon also highlighted Pakistan’s importance with regard peace in Afghanistan and the region. When his attention was drawn to the sour relations between USA and Iran, he suggested USA would have to talk to Iran as dialogue was the only answer for global peace. He said there was need to look forward with more sagacious approach.

“President Donald Trump is flying very high; therefore, we will have to see things very carefully,” he alerted. Foreign Minister said that China-Pakistan Economic Corridor (CPEC) and One Belt-One Road Initiative had great importance for the entire world. He asserted these projects could not be under-estimated. He said CPEC would emerge as great linkage in the world.

He expressed his satisfaction over the results Pakistan achieved in the war against terror. “We have achieved tremendous results of our war against terror,” he remarked. To a question, Haroon said liquefied natural gas (LNG) was a cheaper source of energy and its usage could help country save US$100 million every year. He said incumbent caretaker government had limited time; but, it is trying its level best to set things in right direction. He assured that the Elections would be held on schedule. Abdullah Hussain Haroon expressed concern over the killing of Haroon Bilour in Peshawar blast.

https://fp.brecorder.com/2018/07/20180713390355/

NEWS COVERAGE PERIOD FROM JULY 2ND TO JULY 8TH 2018
WTO sees signs of trade tensions starting to affect global economy

Tom Miles

GENEVA (Reuters) – Trade barriers being erected by major economies could jeopardize the global economic recovery and their effects are already starting to show, the World Trade Organization said on Wednesday in a report on trade restrictions among G20 nations.

“This continued escalation poses a serious threat to growth and recovery in all countries, and we are beginning to see this reflected in some forward-looking indicators,” WTO Director General Roberto Azevedo said in a statement.

He did not elaborate, but in May the WTO’s quarterly trade outlook indicator suggested trade would grow slower in the second quarter than in the first.

One component of its composite forward-looking indicator is international air freight data from the International Transport Association, which issued its figures for May on Wednesday.

IATA said air cargo demand was expected to grow by “a modest 4.0 percent” in 2018, less than the 4.5 percent foreseen in December.

“Headwinds are strengthening with growing friction among governments on trade. We still expect demand to grow, but those expectations are dampened with each new tariff introduced,” IATA Director General Alexandre de Juniac said in a statement.

The WTO analysis found that G20 countries introduced 39 new trade restrictions between mid-October last year and mid-May this year, double the rate seen in the previous period, affecting trade in iron and steel, plastics and vehicles.

“The marked increase in new trade restrictive measures among G20 economies should be of real concern to the international community,” Azevedo said, adding that more restrictions had been put in place in the weeks after the period under review ended.

The WTO report did not name any particular country, but since the start of the year U.S. President Donald Trump has launched a series of tariffs to punish what he sees as unfair trade, by allies and economic rivals alike.

“At a juncture where the global economy is finally beginning to generate sustained economic momentum following the global financial crisis, the uncertainty created by a proliferation of trade restrictive actions could place economic recovery in jeopardy,” the WTO report said.

It added that the world trading system was built to resolve such problems but the escalating tensions were a threat to the system itself, and G20 economies needed to use all means at their disposal to de-escalate the situation and promote further trade recovery.

Reporting by Tom Miles; editing by Stephanie Nebehay, William Maclean

https://www.reuters.com/article/us-usa-trade-wto/wto-sees-signs-of-trade-tensions-starting-to-affect-global-economy-idUSKBN1JU233

Merkel warns Trump against trade war
4 JUL 2018

German Chancellor Angela Merkel on Wednesday warned US President Donald Trump against unleashing an all-out trade war after he threatened to impose steep tariffs on cars from the European Union.

In a speech to the Bundestag federal parliament, Merkel said both sides were effectively locked in a “trade conflict” since Trump’s decision to slap punitive tariffs on steel and aluminium imports.

“It is worthwhile to prevent this conflict from becoming a real war,” she said, adding however that this “would require both sides” to take steps.

Trump on Sunday charged that Europe is “possibly as bad as China” on trade, as he reiterated that he is mulling import taxes of 20 percent on EU cars.

The EU has slapped tariffs on iconic US products including bourbon, jeans and Harley-Davidson motorcycles, as a symbolic tit-for-tat response to the metals duties.

Taking aim at Trump over his complaint that the EU, and in particular economic powerhouse Germany, is running a massive trade surplus against the US, Merkel said that his calculation is skewed as it is based only on goods, not services.

“If you include services like the digital services, then you have a completely different trade balance sheet, with the US showing a surplus against the EU,” she noted.

“It is almost old-fashioned to only calculate goods and not include services,” Merkel said.

Merkel has previously voiced backing for a “digital tax” that would target multinationals like Amazon, Facebook or Google, which have come under fire for shifting earnings around Europe in order to pay lower taxes.

But the EU is divided over the proposal, as countries including Luxembourg and Ireland are loath to see US tech giants head for the exit.

With the US-EU trade row showing few signs of easing, European Commission President Jean-Claude Juncker is heading to Washington by the end of July to seek a way out of the conflict.

– Reliable NATO partner –

Relations between the US and other industrialised powers have turned increasingly tense as Trump has pushed his "America First" stance with punishing consequences for trading partners, irregardless of whether they are allies or adversaries.

Historically strong ties between Berlin and Washington have also taken a beating since the US leader repeatedly skewered Germany over its record trade surplus as well as its relatively small defence spending.

Merkel acknowledged that Berlin has not been investing enough on defence, but stressed that it will push outlays to 1.5 percent of gross domestic product by 2025.

Nevertheless, Berlin's planned spending is still short of the NATO goal of 2 percent that Trump insists on.

And despite its 1.5 percent pledge, its latest budget forecast for the coming years shows the proportion actually falling to 1.23 percent in 2022 from 1.24 percent this year — something that could emerge as a point of contention when NATO leaders gather in Brussels next Wednesday and Thursday (July 11-12).

Merkel stressed however that "Germany is a reliable partner in NATO".

"We are the second biggest provider of troops, we are participating in several missions and Germany will remain a reliable partner of NATO," she said.

Merkel said "wars are raging on our front door," listing the Syrian war, Islamic State group militancy, unrest in Afghanistan and the conflict in Ukraine.

"To not be prepared for defence of the alliance would be negligent," she said.

https://www.afp.com/en/news/23/merkel-warns-trump-against-trade-war-doc-1752fj1

World powers back Iran oil exports despite US sanctions threat

By AFP

Published: July 6, 2018

VIENNA: Iran's remaining partners in the 2015 nuclear deal vowed Friday to keep the energy exporter plugged into the global economy despite the US withdrawal and sanctions threat.

Three European nations along with Russia and China met with Iran to offer economic benefits and assurances that would lessen the blow of sweeping US sanctions, two months after President Donald Trump walked away from the landmark nuclear deal.

They said they remained committed to the 2015 accord and to building up economic relations with Iran, including "the continuation of Iran's export of oil and gas" and other energy products.

Their foreign ministers agreed on an 11-point list of joint goals in Vienna, where the accord was signed three years ago with the aim of stopping Iran from building the atomic bomb in return for sanctions relief that promised greater trade and investment.

In the joint statement, Iran's Mohammad Javad Zarif and other top diplomats reconfirmed their commitment to the deal and its "economic dividends" for Iran, which has suffered worsening financial turbulence since Trump abandoned the accord.

Iran and world powers meet as they struggle to save nuclear deal

Despite the US threat to penalise companies and banks that do business with Iran, the remaining signatories said they would work to promote investment and trade.

They also vowed to maintain financial channels, promote export credit cover and air, sea and overland transport links, and to work for the "the protection of companies from the extraterritorial effects of US sanctions".

"These initiatives are aimed at preserving the nuclear deal which is in the security interest of all," said the joint statement read out by EU foreign policy chief Federica Mogherini.

There was no immediate separate statement from Iran, which on the eve of the talks had signalled disappointment about the measures then on the table.

Iran's President Hassan Rouhani had Thursday told French President Emmanuel Macron by phone that the European offer of economic measures did "not meet all our demands", Iran's state news agency IRNA reported.

Iran, world powers to have first nuclear meet since Trump pullout

Since Trump's shock move in May, which dismayed all other signatories, Washington has warned other countries to end trade and investment in Iran and stop buying its oil from early November or face punitive measures.

The other partners so far appear powerless to stop their countries' companies pulling out of Iran for fear of US penalties. Several major firms including France's Total and Peugeot, and Russia's Lukoil have said they are preparing to leave.

German Foreign Minister Heiko Maas conceded that "we won't be able to compensate for all the effects of enterprises withdrawing from Iran because they see their American business interests threatened by the sanctions".

"After the withdrawal of the United States, which we can't understand, we face a difficult situation," he added, but he stressed that "we want to make clear to Iran that it will still gain economic benefits through this agreement".

Iranians have complained that the hoped-for rise in foreign investment and trade after the deal has not materialised.

Since Trump's announcement, Iran's rial currency has fallen, prices have risen and the country has been hit by street protests and strikes.

Netanyahu tells Europe to get tougher on Iran after France bomb plot

Rouhani, who signed the nuclear deal, has been attacked at home by ultra-conservatives, who have denounced his willingness to talk to the West and accused him of hurting the economy.

Trump in May slammed the nuclear accord signed under his predecessor Barack Obama as “horrible” and “defective at its core,” earning applause from Iran’s regional rivals Saudi Arabia and Israel.

Iran, which strongly denies ever seeking to build a nuclear bomb, has warned it could resume uranium enrichment for civilian purposes if the deal collapses.

Supreme leader Ayatollah Ali Khamenei has vowed that Iran “will never tolerate both suffering from sanctions and nuclear restrictions”.

Washington considers Iran a state sponsor of terrorism with links to Lebanon’s Hezbollah, Hamas in the Palestinian territories and networks in Iraq and Yemen, and demands it stop supporting Syrian President Bashar al-Assad.

https://tribune.com.pk/story/1751671/3-world-powers-back-iran-oil-exports-despite-us-sanctions-threat/

Horticulture Vision 2030: FPCCI envisages $6 billion additional exports in 10 years

Our Correspondent

July 8, 2018

KARACHI: The apex trade body of the country has envisioned an additional $6 billion horticulture exports in 10 years and prepared Pakistan Horticulture Vision 2030 to present roadmap for the development of the sector.

Pakistan’s horticulture exports are projected to be around $571 million for the outgoing fiscal year.

Speaking at the Federation of Pakistan Chambers of Commerce and Industry on Saturday, FPCCI Vice President Waheed Ahmed said that the Vision 2030 highlights major problems to the development of horticulture sector such as climate change, water scarcity, lack of knowledge, skill development and adoption of modern technology.

“This kind of initiative has been taken for the first time in Pakistan by any private sector organisation,” Ahmed added.

The country lacked innovative technologies for sustainable agriculture and environment to address the issue of food security, he said, adding: “Unless research culture is developed, our exports would not increase, as the growers are stuck with low-yielding orthodox techniques.” Waheed said that the vision provides a roadmap towards development of rural economy, promote agricultural enterprises and enhance exports.

“The roadmap has been derived following a series of consultations with government departments, stakeholders, traders, experts and supply chain professionals,” he said.

Industrialist Ikhtiar Baig said that the Vision 2030 provided not only a short-term plan, but a long-term plan also to promote horticulture sector, which would take the country’s horticulture exports to $2 billion in three years and to $6 billion in 10 years.

“The FPCCI has proposed that horticulture sector should be given the status of a full-fledged industry, and we will lobby with the government to prepare a policy, enabling implementation of Horticulture Vision 2030,” Baig added.

Dr Babar Pasha of Commonwealth Agriculture Bureau said that climate change and water scarcity posed greater risks to Pakistan’s overall agriculture.

"Unless agriculture has been taken as a system, things will not improve," he said, adding that provinces have different climate zones and advocated cultivation of varied crops accordingly, which would broaden the product line, as well as mitigate the effects of climate change.

State Bank of Pakistan (SBP) Director Samar Hasnain said that development finance was the top priority of the central bank, as without developing agriculture, SMEs and housing sector, no country can achieve inclusive and sustainable growth. Hasnain said that agricultural credit disbursement in the outgoing fiscal year had reached Rs10 trillion, adding that credit for horticulture sector accounted for three percent of the total disbursement. Sindh Minister for Agriculture Khair Mohammad Junejo also spoke on the occasion.

https://www.thenews.com.pk/print/338800-horticulture-vision-2030-fpcci-envisages-6-billion-additional-exports-in-10-years

NEWS COVERAGE PERIOD FROM JUNE 25TH TO JULY 1ST 2018
30pc increase in gas tariff to hit export sector: PHMA
RECORDER REPORT

KARACHI: Pakistan Hosiery Manufacturers & Exporters Association (PHMA) on Monday warned the government of a 'detrimental' effect on the country's export oriented sector with the falloff of OGRA's proposed gas tariffs increase up to 30 percent for industries.

In a letter to caretaker Prime Minister, Justice (Retd) Nasir-ul-Mulk, the PHMA sought a separate reduced gas tariff for export orientated industries to compete with regional nations on the world markets.

A copy of the letter, which the Business Recorder was provided with on Monday, the association also demands of the government to ensure gas supplies to the industries uninterrupted. It showed concerns that the proposed move will make the exports costlier against the key competitive nation like Bangladesh and India.

It said that the export oriented industry is already facing multiple challenges in the wake of high cost of manufacturing, exorbitant utility tariffs, high labour wages etc., comparing to the competitors on the world markets.

Comparison of gas price of Pakistan with regional competing nations: the Gas/MMBTU including GIDC inputs of Pakistan, Bangladesh and India is $6.59, $3.22 and $4.66. Electricity/kwh is $0.10, $0.09, $0.09. Water Tariff/per 1000 gallons is $0.50-2.00 Free (Well Water) and Wages per month is $123.45, $65, $140 in Pakistan, Bangladesh and India.

The textile export sector is entirely documented with the FBR under Five Zero Rated Export Sectors regime. "On request of exporters the Government declared Five Zero Rated Export Sector as there is no tax on export goods for foreigners and Government failed to pay refunds to exporters. Therefore, Separate tariff of Gas can easily be announced for Textile Export Sector," the letter said.

The association requested to the premier to direct the concerned authority to introduce a separate gas tariff slab for textile export oriented industries and avoid any increase in the key input rates. Rather, it demands of the premier to scale back the gas rates to those of placed in the regional competing nations.

https://epaper.brecorder.com/2018/06/26/7-page/724308-news.html

Border trade with China resumes on Khunjerab Pass
By Shabbir Mir

Published: June 27, 2018

GILGIT: The border trade with China through Khunjerab Pass on Monday resumed after three months strike observed by traders against the newly introduced Web-Based One Customs (WeBOC) system at Sust Dry Port

The decision to end the strike took place during a meeting held in Gilgit under the supervision of army. Traders had blocked in the strategic Karakoram Highway (KKH) which is a part of multibillion dollar China Pakistan Economic Corridor (CPEC) project.

“The meeting was attended by army, trader representatives, customs official besides local administration officials,” said legislative assembly member Javed Hussain who was part of the meeting. “The new system will stand suspended till court decision,” he added.

The traders’ protest had made situation further complicated for the regional government facing massive opposition following introduction of the new governance order 2018. The government already bereft of support in the center further received a setback when the region’s supreme appellate court suspended governance order last week.

20 breathtaking photos from #ETBestOf2017

“We are thankful for the army for its role in settling the long standing issue,” said Chamber of Commerce president Johar Raki.

Gilgit-Baltistan (G-B) Chamber of Commerce and Industry and other trade organisations also supported the strike by exporters and importers against the goods clearance system launched from April this year.

Previously, trader representatives and G-B government officials and FBR held talks to settle the issue but failed as both the sides were reluctant to soften their stances. Consequently, dozens of containers carrying goods from and to China got stranded at the Sust Dry Port, weighing heavily on meagre resources of the businessmen associated with trade.

“Border business through Khunjerab Pass is different from the rest of country as we lack proper internet service and training to learn the WeBOC system,” said Raki recently. The FBR believed that trade would be much easier after WeBoc as it would align Sust dry port with all the modern infrastructure in dry ports across the country.

“Most of the traders working for years at this port are uneducated,” said trader associated with the border trade, adding the new customs clearance system could ultimately render thousands of people jobless in the region.

https://tribune.com.pk/story/1743333/1-border-trade-china-resumes-khunjerab-pass/

Trade war to benefit Pakistan’s cotton

BR RESEARCH | JUN 28TH, 2018

“The Force is on Pakistan’s side”, we often hear in politics. There finally seems to be some grain of truth in it, at least for the time being. The trade war between US and China may leave both economic giants at an economic loss, but it is expected to benefit Pakistan’s textile sector. China is the second largest buyer of US raw cotton, as per trademap.org, an online repository of international trade by International Trade Centre. As China imposed 25 percent retaliatory duty on US goods and commodities, global commodity prices for cotton have been on a downward trend.

US is one of the largest producers of cotton and imposition of tariffs is expected to put downward pressure on its raw cotton export. Already, cotton prices have declined by 75 cents per pound during last week's future trading.

The obvious beneficiaries of supply glut are net importers such as Bangladesh, Turkey and Vietnam who continue to rely heavily on imported long staple cotton for higher thread count yarn. Exporters like India will also gain some benefit, as Chinese textile manufacturers look elsewhere for raw material. Cotton Association of India has raised its FY18 estimate for annual cotton export by an additional million ton to 6.5 million tons, based solely on orders booked over the past one month.

Back at the home turf, cotton cultivation has suffered during current Kharif season as Sindh province's output is expected to decline by 15 percent over last year. Sowing in Sindh has suffered badly on account of shortage of water and changing climate pattern, and experts predict that crop quality will suffer as a result.

It is in this context that US-China trade war has come as a boon to Pakistani textile exporters as despite poor crop quality and lower domestic cotton production, the garment manufacturers are expected to benefit from lower prices of imported cotton.

Already, domestic textile value add sector is enjoying a bonhomie on the back of Pak Rupee depreciation and resultant price competitiveness of Pakistani manufactured goods in the global market. On the import side, the increased cost of import of raw cotton due to higher USD rates is expected to be more than offset by the lower commodity price in the global market. This is in addition to the 4 percent customs duty and 5 percent sales tax on import of raw material withdrawn by ECC during the last months of PML-N government.

Commodity prices are not something to be relied upon, especially when they are a result of a trigger-happy US president who is prone to reverse his decisions. Poor cotton cultivation and missed production targets are a cause of grave concern for the textile sector in the medium to long term. However, domestic textile sector's turnaround in fortunes has been a longtime in waiting. Exporters should enjoy it while it lasts!
https://www.brecorder.com/2018/06/28/425381/trade-war-to-benefit-pakistans-cotton/

China wants India to make peace with Pakistan

Monitoring Report
July 1, 2018
ISLAMABAD: China wants to help ease the long-standing conflict between India and Pakistan. And it has a plan for it.

Last June, Beijing paved the way for the two countries to join the Shanghai Cooperation Organisation (SCO), a Eurasian political, economic and security organisation founded by China, Russia, and a number of other Central Asian counties, Forbes reported.

This year, Beijing wants military personnel from both countries to participate in counter-terror exercises under the "Peace Mission 2018."

There's an official reason behind Beijing's plan. The easing of conflict will foster economic ties between the two countries, the same way easing of tension between China and the US in the 1970s fostered economic relations between the two countries.

But there are a couple of unofficial reasons, too.

One of them is that easing of tensions between the two countries will serve China's efforts to complete building of the China-Pakistan Economic Corridor (CPEC).

That's the express link between Western China, the Middle East, and Africa — China's second continent. Ideologically that can explain why Beijing has committed $46 billion to the project.
The trouble is that CPEC passes through Pakistani regions claimed by India. That makes it a rough road, to say the least — Pakistan and India continue to fight for control of these regions. That's why China needs India to make peace with Pakistan.

Another reason Beijing wants to see peace between the two countries is to find a market for its products, especially as tensions between China and the US escalate.

"China has always believed in an economic solution to solve the world's challenges," says Vijay Eswaran, Malaysian entrepreneur and Chairman of QI Group of Companies. "In that context China may be willing to play a role in potentially improving ties between India and Pakistan" "The ongoing trade threats from US to China encourage the latter to find a new big market. And India, the largest market for Chinese goods outside of the US is right in its neighbourhood."

That's why Beijing wants to use its leverage with Pakistan to ease conflicts between the two countries. But it won't work, for a couple of reasons. One of them is that the two countries have a different perception regarding what 'terrorism' consists of.

Another reason is that China has so far done very little to satisfy India. Quite the opposite: repeatedly blocking India's efforts to join the Nuclear Supplier Group (NSG).

And it has sided openly with Pakistan in the India-Pakistan Kashmir standoff, as evidenced by statements by China's senior officials on the sidelines of United Nations General Assemblies.

Then there's India's siding with the US in the South China Sea disputes.

The bottom line: Beijing has a long way to go before it can bring India and Pakistan to the table and ease long standing conflicts between the two countries.
https://www.thenews.com.pk/print/335785-china-wants-india-to-make-peace-with-pakistan

August 2018

NEWS COVERAGE PERIOD FROM AUGUST 27TH TO SEPTEMBER 2TH 2018

PAKISTAN INVITES JAPANESE INVESTMENT IN SEZS

RECORDER REPORT SEP 1ST, 2018 ISLAMABAD

Pakistan and Japan Friday agreed to explore ways for strengthening bilateral economic cooperation as Japan's State Minister for Foreign Affairs Kazuyuki Nakane called on Prime Minister Imran Khan and Foreign Minister Shah Mehmood Qureshi, respectively. Pakistan has invited Japanese investment in Special Economic Zones (SEZs).

According to media office of the PM House, Kazuyuki Nakane paid a courtesy call on Prime Minister Imran Khan and congratulated him on the recent election victory of Pakistan Tehreek-e-Insaf and assuming the office of Prime Minister of Pakistan. He also conveyed Japanese Prime Minister Shinzo Abe's commitment to work closely with Prime Minister Khan.

Imran Khan welcomed the state minister on his visit to Pakistan. He recalled the decades-long relations between the two countries. He conveyed Pakistan's commitment to enhancing bilateral economic cooperation through facilitating Japanese businesses.

“Bilateral relations as well as regional and international issues of mutual interest were discussed. Avenues of multi-faceted cooperation between the two sides were discussed, including cooperation in education and health sectors as well as skill enhancement of the youth,” it stated, adding that both sides expressed firm resolve to increase interaction between the two countries.

The Japanese minister of state expressed the strong desire of their government to strengthen the existing friendly relations between the two countries based on long history of economic and development cooperation. The Prime Minister expressed desire to work closely with Japan to expand bilateral cooperation in all areas, particularly in trade, investment, economic and human development. He recalled that JETRO in its 2018 report has recognized Pakistan as one of the top friendly destinations for Japanese investment.

The Prime Minister also acknowledged the role of economic assistance provided by Japan in social sector projects. He said that human resource development is a priority of his government. He said Pakistan sought support in education sector, science, technological cooperation and vocational training. The Prime Minister also extended invitation to Japanese Prime Minister Shinzo Abe to visit Pakistan.

Meanwhile, according to Foreign Office spokesperson Dr Mohammad Faisal, the Japanese State Minister for Foreign Affairs also paid a courtesy call on Foreign Minister Shah Mehmood Qureshi and congratulated him on his appointment. He expressed his earnest desire to further strengthen bilateral relations between Pakistan and Japan. Both countries expressed firm resolve to increase high-level interaction between the two countries, he added.

Foreign Minister Qureshi acknowledged the position of Japan as an important development partner. While recognizing the economic assistance provided by Japan, he invited Japanese investment in Special Economic Zones (SEZs) and assured facilitation to Japanese investors in all the sectors.

“Foreign minister emphasized the need to correct the balance of trade, which is currently heavily tilted in favour of Japan,” the statement said, adding: “They agreed to explore ways in which bilateral economic cooperation can be strengthened.” The spokesperson said that Nakane informed that the next round of Joint Government Business Dialogue would also be held during this year.

Foreign Minister Qureshi fondly recalled his last visit to Japan and thanked the Japanese government for holding the meeting of Friends of Democratic Pakistan (FODP) in Tokyo, he said. The FO spokesperson said the foreign minister also briefed the Japanese delegation on role of Gwadar Port in enhancing economic development, regional connectivity, peace and prosperity of the region.

Dr Faisal further said that foreign minister appreciated the setting up of weather surveillance radar project in Multan city, which is hometown of the foreign minister. He acknowledged the role of this project which will enhance the capacity of Pakistani officials in disaster management. He also recalled and thanked the Japanese government for their assistance to Pakistan during the devastating floods of 2010.

“The two sides exchanged views on all-encompassing bilateral cooperation, including human resource development, education and science & technology,” he said, adding that the foreign minister suggested institutional mechanisms between the two countries for cooperation in the field of human resource development, which is the priority sector of the government. The spokesperson further said that Nakane also extended invitation to the Foreign Minister Qureshi to visit Japan at his earliest convenience

https://fp.brecorder.com/2018/09/20180901403748/

TRUMP THREATENS TO WITHDRAW US FROM WORLD TRADE ORGANISATION

By Reuters Published: August 31, 2018

US President Donald Trump listens to participants during an event at which he announced a grant for a drug-free communities support program in the Roosevelt Room of the White House in Washington, US, August 29, 2018. PHOTO: REUTERS

WASHINGTON: US President Donald Trump threatened in an interview with Bloomberg News on Thursday to withdraw from the World Trade Organisation if "they don't shape up," in his latest criticism of the institution.

Such a move could undermine one of the foundations of the modern global trading system, which the United States was instrumental in creating.

"If they don't shape up, I would withdraw from the WTO," Trump said.

Trump has complained the United States is treated unfairly in global trade and has blamed the WTO for allowing that to happen. He has also warned he could take action against the global body, although he has not specified what form that could take.

https://tribune.com.pk/story/1792101/3-trump-threatens-withdraw-us-world-trade-organization/

NEWS COVERAGE PERIOD FROM AUGUST 20TH TO AUGUST 26TH 2018
TEXTILE EXPORTS DROP 16% AFTER REBATE REDUCTION

By Bilal Hussain

Published: August 21, 2018

KARACHI: Pakistan's textile exports dropped 16.1% to $1.002 billion in July 2018 compared to shipments recorded in June, which stood at $1.194 billion.

On a year-on-year basis, textile exports in July did not show any improvement. In fact, they fell half a per cent as exports were slightly better at $1.007 billion in July 2017.

The market had been expecting better performance from textile exporters following 18% rupee depreciation in the past nine months, but exports dropped significantly on a month-on-month basis and nominally on a year-on-year basis. Textile exports roughly make up 60% of Pakistan's total exports.

All Pakistan Textile Mills Association (Aptma) Patron-in-Chief Gohar Ejaz said the government had recently halved tax rebates that stood at 4-7% and therefore things turned unviable for textile producers.

Ejaz said Pakistan had only adjusted its exchange rate by letting the rupee weaken, but it won't impact national exports. The rupee had been artificially stabilised at Rs105 per dollar for the past five years, he said.

He pointed out that textile was a very competitive industry internationally and after 4-7% rebate the industry operated at 5% profitability and "if the government reduces the rebate, then operating the industry will be unviable."

He added that many of the textile players had started closing operations as it had become difficult to run their businesses due to stiff competition in the international market.

However, according to Pak-Kuwait Investment Company AVP Research Adnan Sami Sheikh, textile exports tend to fall in July as exporters try to increase exports in the closing month of earlier fiscal year, which is June.

He added that Pakistan's textile production faced high input costs due to imports, which diluted the impact of rupee depreciation on the textile industry.

"High quality raw material is imported by brands. Chemicals are imported while energy requirement is also generally fulfilled by consuming diesel which is also imported. So the impact of rupee devaluation is not convincingly passed on to the industry as people generally think," he told The Express Tribune.

However, he added that the impact of rupee depreciation could not be gauged during summer as it was an off-season for the industry. The impact may be assessed and hopefully the textile group will show better exports in winter when consumption increases in the west due to cold weather and Christmas.

Sheikh said textile exports could be improved by improving localisation and quality of raw material as better brands import better quality cotton to meet their requirement.

Pakistan's annual requirement stands at 15 million bales of cotton, but it has recently been producing just 10 to 11 million bales.

Published in The Express Tribune, August 21st, 2018.

https://tribune.com.pk/story/1785583/2-textile-exports-drop-16-rebate-reduction/

September 2018

NEWS COVERAGE PERIOD FROM SEPTEMBER 24TH TO SEPTEMBER 30TH 2018

INDO-PAK TRADE POTENTIAL STANDS AT $37 BILLION: WORLD BANK

Amin Ahmed Updated September 25, 2018

ISLAMABAD: India and Pakistan have merely scratched the surface of their bilateral trade potential, as a World Bank report released on Monday estimates that trade between the two countries today is a mere $2 billion whereas without trade barriers, this could reach $37bn.

The report, "A Glass Half Full: The Promise of Regional Trade in South Asia" says the lack of normal bilateral trade relations between the two countries affects the formation or deepening of regional value-chains in various high-value trading sectors.

The reports has highlighted among key factors, the long list of product restrictions in bilateral trade. India and Pakistan continue to maintain long, sensitive lists of items on which no tariff concessions are granted.
Pakistan has a list of 936 items and almost 17.9pc of tariff lines that apply to imports from all Safta countries. India maintains a list of 25 items (0.5pc of tariff lines), which includes goods such as alcohol, firearms, etc.

However, it has a much longer, 64-item list, (almost 11.7pc of tariff lines) for Pakistan and Sri Lanka, but which effectively applies only to Pakistan, because India applies a smaller sensitive list to Sri Lanka as part of a separate India-Sri Lanka Free Trade Agreement.

Items on the Indian sensitive list can be imported at the most-favoured-nation tariffs from any Safta country, including Pakistan, because India accorded Pakistan the status in 1996, soon after the accession of the two countries to the World Trade Organisation. However, Pakistan has not granted India the most-favoured-nation's status or non-discriminatory market access.

In addition, the preferential access granted by Pakistan on 82.1pc of tariff lines under Safta is partially blocked in the case of India because Pakistan maintains a negative list comprising 1,209 items that cannot be imported from India. In practice, many of these items are exported from India to Pakistan through a third country, usually the United Arab Emirates.

The report says another barrier to bilateral trade is the proliferation of NTMs (non-tariff measures), some of which take the form of non-tariff barriers, such as port restrictions.

Pakistan allows only 138 items to be imported from India over the Attari-Wagah land route. Furthermore, cargo trucks from either side cannot move beyond their border zones, which means that goods must be transloaded at the border, adding to the time and cost of trading.

Another factor impeding bilateral trade in goods and services, as well as FDI, is the encumbered visa regime that India and Pakistan have created for each other, which restricts the mobility of people between the two countries.

Continued political tensions and lack of normal trade relations between India and Pakistan have cast a shadow over cooperation efforts within South Asia, contributing to the lack of progress in the regional cooperation agenda of Saarc and Safta, the report says.
Published in Dawn, September 25th, 2018

https://www.dawn.com/news/1434829/indo-pak-trade-potential-stands-at-37-billion-world-bank

$46BN EXPORT TARGET PROPOSED
MUSHTAQ GHUMMAN

ISLAMABAD: Commerce Division has proposed export target of $ 46 billion for the next five year Strategic Trade Policy Framework (STPF) 2018-23, pending with Imran Khan-led government that has yet to take any bold policy decisions, including rationalisation of tariff.

These assertions were made at a meeting of the Senate Standing Committee on Commerce and Textile, headed by Senator Syed Shibli Faraz, who presided over his last standing committee meeting. Faraz has been appointed as the Leader of the House in Senate. He apologized to the officials of the Commerce Division if his behavior seemed “unfair or rude” during the meetings, explaining that the purpose of the committee was to improve the country’s trade.

Faraz was unhappy with the absence of Prime Minister’s Advisor on Commerce, Textile, Industries and Production and Investment, Abdul Razak Dawood.

“We have delayed committee’s meeting and were expecting him to attend the meeting and share his vision with us about promotion of trade,” he said.

While briefing the committee about new trade promotion initiatives, Secretary Commerce, Younus Dagha said that Commerce Division has proposed export target of $ 46 billion in the proposed STFP 2018-23; adding that the import target cannot be projected, but acknowledged that insiders claim imports would be around $ 80 billion if current figure of $ 60 billion is kept in mind.

Pakistan’s trade deficit touched an all-time high of $37.67 billion in the fiscal year 2017-18, up by 15.95 percent over $32.488 billion for 2016-17. The government was unable to achieve $25.7 billion export target set for last fiscal year with $23.228 billion total exports against a whopping $60.898 billion of imports.

Secretary Commerce said that the trade deficit increased due to increase in oil prices.

Senator Shibli Faraz, who has headed the committee for three years, commented that the trade gap was unprecedented and added that the previous STPF failed as other stakeholders like Federal Board of Revenue (FBR) did not extend cooperation.

Senator Nauman Wazir said that the current account deficit was $ 18 billion in 2018 as compared to $ 2.8 billion during the PPP tenure (2008-2013).

Commerce Division, in its new five-year STPF has proposed rationalisation of tariffs on raw materials and intermediate goods. Secretary Commerce said that tariffs on raw materials for export sector would be reduced gradually.

In addition, Commerce Division has proposed competitive valuation of currency, electricity price at Rs 9 per unit (based on direct wheeling) and new electricity connections to industrial units within 30 days and provision of LNG to industrial sector in 30 days.

It has also proposed clearance of duty drawbacks and sales tax refunds within 100 days that would generate $ 3 billion liquidity for export sector.

Secretary Commerce further argued that without investment industrial sector would be unable to double exports. He said, if corrective measures are not taken to boost exports, higher cost of oil would hit the economy badly.

Younus Dagha said that investment in manufacturing sector is declining. During the last five years cumulative FDI inflows were $ 10 billion, of which 81 per cent has been for the non-manufacturing sectors.

“FDI in manufacturing sector remains market-seeking rather than efficiency seeking,” he said, adding that foreign companies must not be allowed to sell only burghers.

Secretary Commerce also informed the committee that Commerce Division is working on trade-related investment policy framework proposed by the Cabinet Committee on Production and Exports which is working under the Prime Minister.

Commerce Ministry, he said, has also drafted National Tariff Policy 2018-23 which is focused on removing anomalies in the tariff structure. The policy is waiting for Prime Minister’s approval. The purpose of the tariff policy is to employ tariffs as an instrument of trade policy rather than as a revenue source. Commerce Secretary informed the committee that FBR is opposing rationalisation of tariffs.

Dagha further stated that the government has to rationalise electricity and gas tariffs adding that price of gas (national gas and LNG) should be fixed on weighted average. “This will sort out complaints of Punjab-based industry,” he said.

Senator Nauman Wazir supported Secretary Commerce on this issue, saying that price of electricity and gas must be rationalized to improve the economy. He further stated that PTI government has included all the academia in task forces, proposing that the industry’s people should have been included in some of the task forces.

Senator Nuzhat Sadiq said that PLM-N government had given Rs 2 per unit subsidy to the industry which should be appreciated. Secretary Commerce said that incumbent government is continuing this subsidy.

Senator Shibli Faraz said whatever good initiatives were taken by the former government are appreciated but there is a need for transparency and accountability. However, the PTI government does not have a switch which would put things right immediately.

Senate Standing Committee on Commerce and Textile Industry in its meeting has recommended to the Ministry of Commerce to take due measures for clearing the 55 arms and ammunition shipments lying with the Customs authorities at the port in favour of the importers.

The Commerce Division was directed to respond to the recommendation positively and the petitioners were asked to take up the matter in light of the Committee's recommendations in Islamabad High Court order at the earliest if the ministry failed to implement the recommendations of the committee.

Secretary Commerce told the committee that the import policy allowing arms and ammunition expired in 2015 and all parties were given a time period of two years to complete their contracts but these shipments reached after the expiry of the period. The Committee, however, was of the view that if compensation was given to some importers back in 2015 then a one-time relief can be given to these 55 shipments with a caveat that it will not happen again. The members of the committee called for promoting documented arms and ammunition industry and facilitating them within the ambit of the law so that smuggling can be reduced.

http://epaper.brecorder.com/2018/09/28/1-page/741205-news.html

NEWS COVERAGE PERIOD FROM SEPTEMBER 17TH TO SEPTEMBER 23TH 2018
US TO IMPOSE TARIFFS ON $200BN IN CHINESE GOODS
WASHINGTONL US President Donald Trump plans to announce new tariffs of about $200 billion on Chinese imports as early as Monday, the Wall Street Journal reported on Saturday.

The tariff level will likely be about 10 percent, below the 25 percent announced when the administration first said it was considering this round of tariffs, the newspaper said, quoting people familiar with the matter.

The White House did not immediately respond to a request for comment.

On Friday, White House spokeswoman Lindsay Walters said Trump "has been clear that he and his administration will continue to take action to address China's unfair trade practices. We encourage China to address the long-standing concerns raised by the Unites States."

Trump had already directed aides to proceed with tariffs, despite Treasury Secretary Steven Mnuchin's attempts to restart trade talks with China, a source familiar with the matter told Reuters on Friday. But the timing for activating the additional tariffs was unclear at that time.

The Trump administration is demanding that China cut its $375 billion trade surplus with the United States, end policies aimed at acquiring U.S. technologies and intellectual property and roll back high-tech industrial subsidies.

The $200 billion tariff list included various internet technology products and other electronics, printed circuit boards, and consumer goods ranging from handbags to bicycles and furniture.

Earlier this week, Treasury invited senior Chinese officials, including Vice Premier Liu He, for more talks to try to resolve trade differences between the world's two largest economies.

China's Foreign Ministry said it welcomed the invitation. But Trump later raised questions about it, saying on Twitter that he was under no pressure to make a deal with Beijing and predicting that the United States "will soon be taking in Billions in Tariffs & making products at home. If we meet, we meet?"

The Trump administration has already levied duties on $50 billion worth of Chinese goods following a study on China's intellectual property practices released earlier this year.

Adding in the $200 billion list and another $267 billion of Chinese goods, total imports from China facing tariffs would exceed the $505 billion in goods that the United States imported from China last year.

This year, imports from China through July were up nearly 9 percent over the same period of 2017, according to US Census Bureau data.—Reuters

https://epaper.brecorder.com/2018/09/17/1-page/739383-news.html

TRADE WAR HEATS UP AS CHINA IMPOSES TIT-FOR-TAT TARIFFS ON US IMPORTS
Agencies Updated September 19, 2018

BEIJING/WASHINGTON: The US-China trade war escalated further on Tuesday, with China announcing retaliatory tax increases on $60 billion worth of US imports, including coffee, honey and industrial chemicals.

The increases are in response to the US announcing it will impose tariffs on $200 billion worth of Chinese-made goods starting next week. The tariffs will start at 10 per cent, then rise to 25pc on Jan 1.

China’s Finance Ministry said its tariff increases are aimed at curbing “trade friction” and the “unilateralism and protectionism of the United States.” There was no word on whether China would back out of trade talks it said it was invited to by the US, but a Chinese Commerce Ministry statement said the US increase “brings new uncertainty to the consultations.”

The two countries have already imposed import taxes on $50 billion worth of each other’s goods. President Donald Trump threatened to add an additional $267 billion in Chinese imports to the target list if China retaliated for the latest US taxes. That would raise the total affected by US penalties to $517 billion, covering nearly everything China sells to the United States.

The American Chamber of Commerce in China warned that Washington is underestimating Beijing’s determination to fight back.

“The downward spiral that we have previously warned about now seems certain to materialize,” said William Zarit, the chamber’s chairman.

Trump accuses China of election meddling in trade war

President Donald Trump accused China of seeking to influence knife-edge midterm congressional elections, by taking aim at his political support base in the economic giants’ rapidly escalating trade war.

The allegation added an explosive new element to the dispute after Trump pulled the trigger late on Monday on 10 per cent tariffs against another $200 billion in Chinese goods from next week, with a threat of more tariffs on another $267 billion.

Beijing responded by announcing new tariffs on $60 billion of US imports.

Published in Dawn, September 19th, 2018

https://www.dawn.com/news/1433790/trade-war-heats-up-as-china-imposes-tit-for-tat-tariffs-on-us-imports

GOVT TO SET UP PUNJAB CLEAN AIR COMMISSION TO CONTROL SMOG
From the Newspaper September 23, 2018

LAHORE: The Punjab government has decided, in principle, to set up the Punjab Clean Air Commission to control pollution and smog.

Committees have been established at tehsil and district levels for monitoring measures to control environmental pollution. Recommendations and proposals given by various departments to prevent smog and pollution were discussed in a high-level meeting chaired by Chief Minister Sardar Usman Buzdar on Saturday.

According to a handout, the meeting was told that brick kilns would remain closed as per court orders from Oct 20 to Dec 31. A ban on the burning of crops residue would be imposed across the province from Oct 1. It was also decided that an effective and people-friendly strategy would be evolved for stopping operation of two-stroke engines, motorcycle rickshaws and smoke-emitting vehicles.

A social media campaign would be launched to create awareness about the damage caused to environment by the burning of solid waste. A comprehensive mass media campaign would also be designed to create awareness about smog.

Chief Minister Buzdar directed to repair air monitoring equipment and said the air quality system in Lahore, Multan, Rawalpindi, Rahim Yar Khan and Faisalabad must be made functional immediately.

He said smog disrupted daily life, therefore, a sustainable policy to prevent it should be devised.

The Space and Upper Atmosphere Research Commission needed to devise a system for real-time information about smog and other environmental issues. The South Asia Coordination body be contacted to prevent pollution entering Pakistan from the neighbouring country, the CM ordered.

Those who attended the meeting included federal Environment Minister Amin Aslam, senior provincial minister Abdul Aleem Khan, provincial ministers Mian Aslam Iqbal, Sibtain Khan Niazi, Malik Nouman as well as the inspector general of police and secretaries of departments concerned.

The environment secretary gave a detailed briefing to the meeting participants.

Published in Dawn, September 23rd, 2018

https://www.dawn.com/news/1434428/govt-to-set-up-punjab-clean-air-commission-to-control-smog

NEWS COVERAGE PERIOD FROM SEPTEMBER 10TH TO SEPTEMBER 16TH 2018
CHINA PROMISES RETALIATION IF US IMPOSES MORE TARIFFS
AP Updated September 11, 2018

BEIJING: China on Monday promised retaliation if U.S. President Donald Trump escalates their tariff battle, raising the risk Beijing might target operations of American companies as it runs out of imports for penalties.

The threat came after Trump said Friday he was considering extending penalties to an additional $267 billion of Chinese products in their battle over Beijing's technology policy. That would be on top of $50bn of goods already hit by 25 per cent duties and another $200bn on which Washington is poised to raise tariffs.

"If the United States insists on imposing another round of tariffs on Chinese products, China will definitely take countermeasures to safeguard its legitimate rights and interests," foreign ministry spokesman Geng Shuang said.

Geng gave no details, but the government said in June it would impose unspecified "comprehensive measures" if necessary. That left American companies on edge about whether Beijing might use its control over the heavily regulated economy to disrupt their operations by withholding licenses or launching tax, anti-monopoly or other investigations.

China matched Washington's first round of tariff hikes on $50bn of its goods, but their lopsided trade balance means Beijing is running out of imports for retaliation. The United States imported $3 of Chinese goods last year for every $1 of American goods bought by China.

Chinese leaders agreed in May to narrow that trade gap by purchasing more American soybeans and other products. But they reject Trump's demand to roll back official industry plans such as "Made in China 2025," which calls for state-led creation of global champions in robotics, artificial intelligence and other technologies.

Washington, Europe and other trading partners argue those plans violate Beijing's market-opening pledges. American officials worry they might erode US industrial dominance. But Communist leaders see them as China's path to prosperity and global influence.

China's exports to the United States have been unexpectedly resilient, rising by double digits in July and August despite the US tariff hikes. That might add to Washington's frustration and prompt more import controls.

Exports to the United States in August rose 13.4pc to $44.4bn, ticking up from July's 13.3pc growth. Chinese imports of US goods rose 11.1pc to $13.3bn. China's trade surplus with the United States widened to a record $31bn.

Beijing matched Washington's first round of tariffs on $50bn of goods. But after Trump's threat to target another $200bn of goods in a second round of increases, China issued a list of only $60bn of American products for possible retaliation.

China's imports from the United States last year totaled $153.9bn. After the earlier tariffs targeting $50bn of US goods, that leaves barely $100bn for retaliation, or half of Trump's $200bn list of goods for the second round of tariffs.

Published in Dawn, September 11th, 2018

https://www.dawn.com/news/1432239/china-promises-retaliation-if-us-imposes-more-tariffs

PAKISTAN, INDONESIA BILATERAL TRADE MAY JUMP TO $9BN: ENVOY
RECORDER REPORT

FAISALABAD: Quantum of bilateral trade between Pakistan and Indonesia is expected to jump to 9 billion dollars by 2019, said Iwan Suyhdhie Amri Ambassador of Indonesia. He was addressing a dinner hosted by Shabbir Hussain Chawla President Faisalabad Chamber of Commerce & Industry (FCCI) here late on Tuesday night.

He said that Indonesia is probably the only country that is making serious and practical efforts to make bilateral trade with Pakistan balanced for the two countries. In this connection, a project is in the pipeline to introduce cultivation of high yielding palm plants in addition to establish refineries to clean palm oil produced in Pakistan for its domestic needs.

He said that Pakistan is a big market for Indonesia but we are also making efforts to encourage exports from Pakistan to Indonesia to make our bilateral trade balanced. He said that both countries had already agreed to encourage exports from Pakistan and now we are in the process of fixing standards of the exportable commodities including Mango and Kinno.

He hoped that Pakistani mangos and Kinno will hit the Indonesian stalls next year. He further told that a Memorandum of Understanding (MoU) has already been inked to enhance the exports of Pakistani rice to Indonesia.

Earlier, Shabbir Hussain Chawla welcomed Indonesian Ambassador and stressed the need to encourage private sectors of both countries to further enhance the bilateral trade. In this connection the two countries have to remove tariff barriers and give maximum incentives to each others.

He said that Pakistan is strategically located in South Asia and it could provide an opportunity to Indonesia to make its exports to the landlocked countries of Central Asia. Similarly Indonesia could also facilitate Pakistan to have access to 2 trillion Dollars ASEAN (Association of Southeast Asian Nations) Market.

Shabbir also stressed the need for exchange of trade delegations in addition to organizing single country exhibition in both countries.

He hoped that Indonesian embassy should also provide business related information to FCCI so that we could enhance our share in exports to Indonesia.

https://epaper.brecorder.com/2018/09/13/13-page/738715-news.html

CANADA WORKING ON WTO REFORM
RECORDER REPORT SEP 16TH, 2018 OTTAWA

Canada is working on a project for reform of the World Trade Organization (WTO) and aims to organize international talks on the subject next month, Canadian sources said Friday as US pressure on the body mounts.

President Donald Trump threatened late last month to pull his country out of the WTO, which arbitrates trade disputes, if it does not “shape up.”

He has previously criticized the WTO’s dispute settlement system as being unfavorable to the US, although the body most often rules in favor of the United States when Washington brings cases before it.

“We recognize the challenges at the heart of the WTO and believe it is necessary to find the means to do the necessary work to advance reforms,” a spokesman for Jim Carr, Canada’s Minister of International Trade Diversification, told AFP.

“This work has started,” he said, adding that “the WTO can overcome some of its historic challenges and make progress.” A small group of like-minded trade ministers will gather in Ottawa October 24-25 “to discuss WTO reform,” a Canadian government source told AFP, requesting anonymity given the sensitivity of the discussions.

The group will “identify concrete means of improving the WTO over the short, mid and long term,” the source said, adding preparatory work has already begun.

Australia, Brazil, Chile, the European Union, Japan, Kenya, Mexico, New Zealand, Norway, Singapore, South Korea and Switzerland will be part of the working group, the official said.

A European diplomatic source said the Ottawa gathering is “not totally confirmed” because a meeting of trade ministers from the G20 group of major economies was taking place, and Canada is still verifying if it has enough support for steering WTO reform.

At their meeting Friday in Argentina, the G20 trade and investment ministers recognized "the urgent need to discuss current events in international trade and ways to improve the WTO to face current and future challenges," a communique said.

In July, Trump won a commitment from visiting European Commission chief Jean-Claude Juncker to work together for WTO readjustment to address some of the US leader's complaints about China over the theft of US technology, the behavior of state-owned enterprises, and overcapacity in steel.

Trump complained in April on Twitter that the WTO considers China a developing nation, despite its economic might.

"They therefore get tremendous perks and advantages, especially over the US," he said. "The WTO is unfair to US."

WTO Director-General Roberto Azevedo has agreed with a call from French President Emmanuel Macron "on the need to strengthen the WTO and to make it more effective in addressing the trade challenges of today," as the protectionist US administration imposes tariffs on allies and trade disputes have multiplied.

https://fp.brecorder.com/2018/09/20180916408140/

G20 TRADE MINISTERS SAY WTO REFORM 'URGENT' AS NEW TRUMP TARIFFS LOOM
The News, September 16, 2018

MAR DEL PLATA: Trade and investment ministers from G20 countries meeting in Argentina said there was an "urgent need" to improve the World Trade Organization, a joint statement said on Friday.

With U.S. President Donald Trump readying tariffs on another $200 billion in Chinese goods, the ministers said they were "stepping up the dialogue" on international trade disputes, according to the statement issued at the summit.

It did not provide any details of possible WTO reforms or how dialogue on trade was being increased.

"Obviously the new tariff measures are not positive," Argentina´s Production and Labor Minister, Dante Sica, said in a news conference at the end of the one-day meeting.

"But we need to see how things evolve." German Deputy Economy Minister Oliver Wittke said the joint declaration sent a powerful signal about the importance of strengthening WTO "especially in times of ´America first´ and increasing global protectionism," with next steps to follow when G20 leaders meet in Argentina at the end of November.

"We have to use this momentum," Wittke said in a statement released by the ministry after the summit.

Outside the meeting, smoke filled the air in the normally tranquil seaside city of Mar Del Plata where the conference is being held.

Protesters burned makeshift American flags and chanted against free trade

orthodoxy and Trump´s support of Argentina´s cash-strapped President Mauricio Macri, whose fiscal belt-tightening has garnered a backlash from the country´s working-class.

"We´re standing here in solidarity with the workers of Latin America.

While those politicians sleep in fancy beds, communities starve because of trade and adjustment policies that hurt the most vulnerable," protester Maralin Cornil, 30, said.

Argentina holds the G20´s rotating presidency this year, and is re-negotiating a $50 billion stand-by financing deal with the IMF, cutting its fiscal deficit targets and reducing costs to ensure it can continue paying its international debts.

Trump has said he would attend the summit´s final meeting with other heads of state, in Buenos Aires on November 30.The Trump administration has demanded that China cut its $375 billion trade surplus with the United States, end policies aimed at acquiring U.S. technologies and intellectual property, and roll back high-tech industrial subsidies.

While Trump has threatened to pull the United States from the WTO, China has called for WTO reform to make the global trade system fairer and more effective.

The 23-year-old trading club is run on the basis of consensus, meaning that every one of its 164 members has an effective veto and it is almost impossible to get agreement on any change to the rules.

Sica also said that talks on a free trade deal between the European Union and the Mercosur trade bloc of Argentina, Brazil, Paraguay and Uruguay were wrapping up, with an agreement likely by the end of the year.

“We are in the final stages regarding the most delicate aspects of an EU-Mercosur agreement and we are concluding with the political and technical details,” Sica said.

https://www.thenews.com.pk/print/369011-g20-trade-ministers-say-wto-reform-urgent-as-new-trump-tariffs-loom

PAKISTAN RANKS 150 IN UN’S HUMAN DEVELOPMENT INDEX
The News, September 16, 2018

ISLAMABAD: Pakistan was placed at 150 among 189 countries in UN’s 2018 Human Development Index (HDI)’s annual rankings that is measured by combining indicators of life expectancy, educational attainment and income.

The HDI forms part of the Human Development Report (HDR) 2018, a flagship study produced annually by the United Nations Development Programme (UNDP), which was released Friday.

The report is 28th in a series which began in 1990. The first UNDP Human Development Report (HDR) was prepared and launched under the leadership of the late Dr Mahbubul Haq, a former Pakistan finance minister.

In other South Asian countries, India ranked at 130 on the index; Bangladesh: 136; Sri Lanka: 76; Maldives: 101; Nepal: 149, and Bhutan 130. During the period, Pakistan’s HDI value was 0.562; life expectancy 66.6 years; average years of schooling 5.2 years and gross national income per capita $5,311. Oil-rich Norway, Switzerland, Australia, Ireland and Germany led the ranking, while Niger, the Central African Republic, South Sudan, Chad and Burundi have the lowest scores in the HDI’s measurement of national achievements in health, education and income.

Looking at the widening gap in real terms — both among and within countries — the report said that a child born in Norway today, the country with the highest human development index (HDI), can expect to live beyond the age of 82, and spend almost 18 years in school.

But the same child, if born in Niger, the lowest HDI, can expect only to live to 60, with just five years of formal education. “While these statistics present a stark picture in themselves, they also speak to the tragedy of millions of individuals whose lives are affected by inequity and lost opportunities, neither of which are inevitable,” Achim Steiner, the Administrator of the UN Development Programme (UNDP), which released the report.

Inequality occurs in many countries, including in some of the wealthiest ones, but it ends up taking a much bigger toll on countries with lower HDI levels; with low HDI countries losing almost a third of their human development capacity.

For countries with a high HDI, the average loss is 11 per cent. The striking differences both within and among countries, are stifling progress and the trend can be seen again and again, according to UNDP.

Inequality in all its forms and dimensions, between and within countries, limits people's choices and opportunities, withholding progress, Selim Jahan, Director of the Human Development Report Office at UNDP, explained.

A key sources of inequality within countries is the gap in opportunities, achievements and empowerment between women and men. On average, the HDI for women is 6 per cent lower than that for men, notes the report. And when women are working, their unemployment rates are 24 per cent higher than their male counterparts. Women globally also do much more unpaid domestic and care work than men.

Furthermore, while there has been laudable progress' in the number of girls attending school, there remain big differences in other key aspects of men and women's lives, for instance labour force participation rates for women globally are lower than for men, 49 per cent, versus 75 per cent. "Women's empowerment remains a particular challenge," underscored UNDP.

The Human Development Report 2018 update also shows tremendous variation between countries in quality of education, healthcare and many other key aspects of life.

https://www.thenews.com.pk/print/369247-pakistan-ranks-150-in-un-s-human-development-index

NEWS COVERAGE PERIOD FROM SEPTEMBER 3TH TO SEPTEMBER 9TH 2018
INDONESIA PLANS TO SEND TRADE MISSION TO STUDY PAKISTAN'S INDUSTRY
By Bilal Hussain

Published: September 7, 2018

Pakistan offered a logistics route for Indonesian investors who could not only tap the local market, but also capitalise on the export potential of Pakistan by using the economic corridor, Amri said. PHOTO: REUTERS

KARACHI: With the aim of bridging its current account deficit, Indonesia organised a conference and exhibition for palm oil to expand its export market and was also planning to send a trade mission to Pakistan.

The Conference and Exhibition of Indonesian Palm Oil was held here on Thursday and Indonesians, belonging to both private and public sectors, showed great interest in showcasing their expertise and investing in the palm oil industry of Pakistan.

At present, Pakistan meets 80% of its palm oil demand through imports from Indonesia. The remaining 20% is imported from Malaysia.

Of the total value of Indonesia's palm oil exports which reached $22.9 billion in 2017, Pakistan imported $2 billion worth of palm oil, roughly 10% of Indonesia's total palm oil exports.

Just like most of the emerging markets, Indonesia has also been struggling recently as its rupiah currency has fallen to its lowest level since the Asian financial crisis 20 years ago. It is being traded for 14,930 against the US dollar.

Organising this event is one of the several efforts made by Indonesia to rein in its current account deficit. Talking to media, Indonesian Ambassador to Pakistan Iwan Suyudhie Amri stressed the need for deepening bilateral relationship as Indonesia had been looking to enhance industrial operations in the palm oil sector of Pakistan.

"Strategic location of Pakistan is very important for economic cooperation not only for Pakistan but also for the region," Amri said.

He added that Pakistan offered a logistics route for Indonesian investors who could not only tap the local market, but also capitalise on the export potential of Pakistan by using the economic corridor.

"There is a potential for establishing refineries and storages in Pakistan for export to other countries," he said. Sindh Board of Investment (SBI) Chairperson Naheed Memon said Pakistan provided a huge opportunity for investment by the Indonesians in the palm oil industry with their technology as Sindh and Balochistan jointly had more than 1,000 kilometres of coastal belt for growing palm trees.

She said Indonesians with their technological expertise could develop a fully integrated palm oil industry in Pakistan. She added that Malaysia had already started working on a small scale with the Coastal Development Authority, but it should be undertaken on a commercial basis for heavy production, which could be viable.

Pakistan Edible Oil Refinery Association Chairman Abdul Rasheed Janmohammad said with the increase in the urban middle class, demand had grown for quality oil in the country, which was good for the industry. "Health-conscious people are now ready to pay more for quality oil," he said.

PT Pelabuhan Tanjung Priok Director of Operations and Engineering Andi Isnovandiono was also present on the occasion. He has arrived in Pakistan to gauge investment opportunities. His company deals in non-container liquid cargo.

Meanwhile, Amri disclosed that Pakistan and Indonesia would be signing a free trade agreement (FTA) in October this year, which had been decided last year. The two countries already have a preferential trade agreement (PTA).

Indonesia has given Pakistan unilateral duty concessions on 20 products in order to turn the agreement mutually beneficial.

Published in The Express Tribune, September 7th, 2018.

https://tribune.com.pk/story/1797172/2-indonesia-plans-send-trade-mission-study-pakistans-industry/

CHINA'S TRADE SURPLUS WITH US HIT NEW RECORD IN AUGUST
The News September 9, 2018

Beijing: China´s trade surplus with the United States ballooned to a new record $31 billion in August despite a raft of US tariffs, official data showed Saturday, adding fuel to the flames of a searing trade war.

The figures were released hours after President Donald Trump threatened to slap tariffs on the totality of Chinese goods imported into the United States, worth half a trillion dollars.

The world´s two biggest economies have been locked in a months-long trade dispute, with negotiations going nowhere and fears that it could damage the global economy.

Trump imposed customs duties of up to 25 percent on $34 billion worth of Chinese goods in July, and on another $16 billion in August, triggering swift tit-for-tat responses from Beijing.

But the tariffs do not appear to have dented the appetite for Chinese-made products in the United States.

Chinese exports to the United States rose to $44.4 billion in August, a 13.2 percent increase from the same period last year, according to customs data.

Imports from the United States reached $13.3 billion, a two percent increase from the previous year.

China´s trade surplus with the United States reached $31 billion in August, an 18.7 percent increase from the same month last year and up from its previous record, $28.9 billion, in June this year, according to customs data.

While China´s trade surplus with the United States grew again, it remained stable with the rest of the world at $27.9 billion in August.

Global exports increased by 9.8 percent while its imports rose by 20 percent compared to the same month last year, according to customs data.

The figures were well below July´s performance, when exports had jumped 12.2 percent and imports grew 27 percent.

Trump has boasted that trade wars are "easy to win" and warned he would hit virtually all Chinese imports if Beijing does not back down and take steps to reduce its $335 billion surplus with the US.

He said Friday that tariffs on another $200 billion in Chinese goods are "in the hopper" and "could take place very soon".

Beijing has warned that it would hit back with duties on $60 billion in American products — a much smaller figure that shows China will not be able to match US tariffs dollar-for-dollar.

But businesses warn there are other ways China can strike back, through regulations and other administrative means, or even through sales of its large holdings of US Treasury debt.

Trump told reporters traveling with him to Fargo, North Dakota that "behind that, there´s another $267 billion ready to go on short notice if I want."

That would cover virtually all the goods imported from the world´s second largest economy.

"That totally changes the equation," Trump said.

White House economic adviser Larry Kudlow just hours before said talks with Beijing were continuing to try to defuse the conflict, and that he was hopeful that a solution could be found.

The last effort at a negotiated solution came in late August with meetings between low-level officials, but nothing came of it.

In Beijing, China´s Commerce Ministry said Thursday it was ready to retaliate.

"If the US dogmatically implements any new tariff measures against China, China will have to take the necessary countermeasures," commerce spokesman Gao Feng told reporters.

https://www.thenews.com.pk/print/365758-china-s-trade-surplus-with-us-hit-new-record-in-august

October 2018

NEWS COVERAGE PERIOD FROM OCTOBER 8TH TO OCTOBER 14TH 2018

EXPORTS GROW BY 4.6PC

Mubarak Zeb Khan Updated October 11, 2018

ISLAMABAD: Exports grew by 4.6 per cent during the first quarter of the current fiscal year despite government's efforts to bring double-digit growth, according to data released by the Pakistan Bureau of Statistics on Wednesday.

The paltry growth in export proceeds will hurt government's efforts to ease difficulties on the external front.

In rupee terms, export proceeds rose 23.12pc in the first three months of the current fiscal year, owing to substantial depreciation in the exchange rate since last year.

State Bank of Pakistan has devalued the rupee by approximately 10pc in the first week of September. In the open currency market, dollar is currently trading at around Rs138. Since December last year, the rupee has lost of its value 30 pc against the greenback.

Export proceeds during the period – July to September – rose to $5.4 billion from $5.2bn over the corresponding months of last year.

However, export proceeds posted a nominal growth of 3.55pc month-on-month in September as it reached to $1.73bn from $1.66bn over the corresponding month of last year.

On the other hand, growth in import and trade deficit slowed with the latter declining by 1.61pc to $8.87bn in the first quarter versus $9.01bn from same period last year.
In the first quarter, import grew by a nominal 0.63pc to $14.26bn from $14.17bn the year before. However, on monthly basis, the import bill fell by 0.18pc year-on-year to $4.43bn.
The data suggests that the slowing trade deficit might have hit a low peak this year. If subsequent months show similar tepid growth in the trade deficit, the new government's fortunes on external sector could see a turnaround.

The tepid growth in exports comes despite Rs32bn cash support during the last 18 months to the textile and clothing exporters under a special prime minister package and policy for the sector.

Pakistan's trade deficit rose to an all-time high of $37.6bn during the FY2017-18 increasing by 15.8pc from the FY2016-17.

The present government since taking charge in August has been vocal to overcome the rising import bill and current account deficit which reached to alarming high level of $18.5bn last year.
After exhausting all available forums, the government finally decided to seek bailout package from the International Monetary Fund.
Exports and remittances are two of the key foreign contributors to country's foreign exchange reserves. Depleting reserves — enough to cover one and a half month worth of imports — are at the heart of the immediate economic challenge troubling the incumbent government. The depletion has been a result of galloping trade deficit.

Pakistan's external sector indicators have begun to recover as seen during the first quarter of current fiscal year visible in the 13.45pc jump in remittances coupled with the flattening trade deficit and imports.

Published in Dawn, October 11th, 2018

https://www.dawn.com/news/1438301/exports-grow-by-46pc

November 2018

NEWS COVERAGE PERIOD FROM NOVEMBER 12TH TO NOVEMBER 18TH 2018

'EFFORTS MUST TO BOOST TRADE WITH BRAZIL'

Our Correspondent

November 15, 2018

KARACHI: Honorary Consul of Brazil Omer Jaffer on Wednesday said trade between Pakistan and Brazil has picked up pace, but more efforts along with concrete steps have to be taken to further ties between the business communities of Karachi and Brasilia.

Speaking at a meeting during his visit to Karachi Chamber of Commerce and Industry, he said KCCI should help form Pak-Brazil Business Forum to create linkages and bring the business communities closer. Jaffer said Brazil, being the 8th largest economy in the world and the largest in Latin America with a GDP of around $3 trillion, offers a lot to Pakistan and it was a fine example to learn and emulate. The trade volume was largely in favour of Brazil, he said, urging the business community to take interest in the Brazilian market and explore avenues for enhancing bilateral trade.

https://www.thenews.com.pk/print/393857-efforts-must-to-boost-trade-with-brazil

TRADE REMAINS HALTED AT TORKHAM BORDER FOR THIRD DAY

By Abuzar Afridi

Published: November 16, 2018

LANDI KOTAL: Trade at the Torkham border between Pakistan and Afghanistan remained on pause for a third day on Thursday after negotiations between the customs clearance agents and the assistant collector on new regulations on the import of items failed to make any headway.

The issue arose after the government imposed a new paperless goods declaration processing system (WeBOC). However, an association of the customs clearing agents refused to accept the system, bringing trade to a halt at the key border point.

The All Torkham Customs' Clearing Agents Association (ATCCAA) has categorically rejected new regulations and have warned of extending the strike unless their demands are met.

ATCCAA President Zarqeeb Shinwari explained to The Express Tribune that the new regulations require installation of modern facilities such as uninterrupted internet connections, sustainable electricity and staff to handle the multiple counters which the customs authority lacked.

"Our demands are that the federal government should impose the same rules and regulations as those applied at other border points of the country," Shinwari said.

Moreover, he said that special gate passes should be issued to agents who are supposed to cross over the border multiple times a day. Further, a container should be allowed to bring in a mix of items like at the Kharlachi border in the Kurram Tribal District and the Ghulam Khan border in North Waziristan Tribal District.

Shinwari further demanded that the border authority should dispose of the contravention cases filed against 200 agents and the rules of fumigation should end.

Customs agent' Mirajuddin Shinwari asked the Federal Board of Revenue (FBR) and the district administration to change the export module into an import module. Around 150 trucks loaded with pulses and other edible items have been stranded on the Torkham border for a month after the customs authority introduced new fumigation regulations which have been rejected by importers and customs clearance officers at the border.

Published in The Express Tribune, November 16th, 2018.

https://tribune.com.pk/story/1848129/1-trade-remains-halted-torkham-border-third-day/

TRADE BETWEEN PAKISTAN AND RUSSIA CAN BE RAISED TO A RECORD LEVEL: ENVOY
RECORDER REPORT | NOV 17TH, 2018 | LAHORE

"Bilateral trade between Pakistan and Russia can be enhanced to a record high level, provided direct banking channels are established between the two countries." Russian Ambassador to Pakistan Alexey Yuievich Dedov stated this while talking to the Lahore Chamber of Commerce and Industry (LCCI) office-bearers. Currently, Pakistan and Russian trade in terms of dollars is encouraging and it will be further enhanced once the chairman of Trade and Economic Commission is appointed as agreed between prime ministers of both the countries, he said.

Pakistan and Russia were busy in elections and in the upcoming years there are very bright chances of enhancing trade, he added. To a question, the Russian envoy said that if direct banking channels are established, the trade volume can be further enhanced.

Speaking on the occasion, Trade Representative Yury M Kozlov said two years before it was decided between Russian Central Bank and the National bank of Pakistan (NBP) that one NBP branch will be set up in Russia but the decision has not yet been materialized.

While conducting mutual trade, both the countries have to face huge losses in terms of money when the payments are made through other banks via third country like Dubai. In reply to businessmen and traders questions, he also welcomed the idea of barter system between the two countries.

LCCI President Almas Hyder said that during last three years, the overall trade volume has gone up from US $331 million to $442 million. However, these figures hardly reflect the actual potential of two economies. Pakistan's exports to Russia were around $206 million in 2013 which are following downward trend since then. Last year, our exports to Russia came down to $131 million which need to be enhanced, he said.

Pakistan is exporting citrus fruit, articles of apparel, rice, woven fabric, hosiery items, sports goods, and home textiles etc to Russia. The major imports from Russia to Pakistan are dried vegetables, newsprint, coal, synthetic rubber and ferrous waste and scrap of iron or steel.

The LCCI chief said that Russia has earned a distinctive status in the field of modern technologies and Pakistan can benefit by way of establishing closer ties with Russia.

https://fp.brecorder.com/2018/11/20181117424615/

NEWS COVERAGE PERIOD FROM NOVEMBER 5TH TO NOVEMBER 11TH 2018
PAKISTAN, CHINA TO UTILISE CURRENCY SWAP DEAL IN TRADE
By Our Correspondent
Published: November 4, 2018

ISLAMABAD: Pakistan and China on Sunday agreed to trade in their local currencies in an effort to reduce dependence on the US dollar.

The currency swap arrangement (CSA) between State Bank of Pakistan (SBP) and People's Bank of China (PBOC) had already been extended for a period of 3 years in respective local currencies.

A currency swap, also known as a cross-currency swap, is an off-balance sheet transaction in which two parties exchange principal and interest in different currencies.

The joint statement issued by the Prime Minister Office Media Wing said that the two countries expressed satisfaction at the operationalisation of the currency-swap agreement and reaffirmed the need to further strengthen cooperative ties of financial and banking sectors between the two countries.

Pakistan and China reaffirmed their complete consensus on the future trajectory of the China-Pakistan Economic Corridor (CPEC), timely completion of its on-going projects.

The two countries also renewed the pledge towards making joint efforts for the realisation of its full potential, with a focus on socioeconomic development, job creation and livelihoods as well as accelerating cooperation in industrial development, industrial parks and agriculture.

Both the sides reviewed the early harvest phase of CPEC and expressed satisfaction that rapid progress has been made in all areas, especially in the energy sector.

During the visit, the two sides also signed 15 Agreements/MoUs on a range of bilateral issues.

The two sides agreed on strengthening China-Pakistan all-weather strategic cooperative partnership, building closer China-Pakistan community of shared future in the new era in line with the principles set forth by the Treaty of Friendship, Cooperation and Good-neighbourly Relations between the People's Republic of China and the Islamic Republic of Pakistan signed in 2005, a joint statement issued by the Prime Minister Office Media Wing said.

Prime Minister Imran Khan, who is on his maiden five-day official visit of China, commended President Xi Jinping's visionary Belt and Road Initiative (BRI) that aims at enhancing regional and international connectivity.

The two sides reiterated that BRI represents a win-win model of international cooperation and provides new opportunities for economic rejuvenation and prosperity of all countries.

Both sides agreed to task the CPEC Joint Cooperation Committee (JCC) to explore new areas of cooperation. In this regard, it was decided that the eighth session of the JCC will be held in Beijing before the end of the year.

To further expand cooperation under CPEC, the two sides announced setting up of a working group on socioeconomic development, to assist with livelihood projects in Pakistan.

Both Pakistan and China reaffirmed their commitment to CPEC and agreed that it was a win-win enterprise for entire region and would bring regional prosperity and development through enhanced connectivity.

They agreed to discuss the CPEC-related issues including through China-Pakistan Strategic Dialogue, political consultations and JCC.

Recognising the significance of Gwadar as an important node in cross-regional connectivity and the central pillar of CPEC, both the sides agreed to speed up progress on the port and its auxiliary projects.

Both sides dismissed the growing negative propaganda against CPEC and expressed determination to safeguard the CPEC projects from all threats.

Pakistan recognised the immense contribution of the Chinese personnel working on various economic projects in Pakistan. The Chinese side expressed its appreciation for the measures taken for the security of Chinese personnel and projects in Pakistan.

Reviewing with satisfaction the historical development of China-Pakistan relations and the great strides made, both sides reiterated that the friendship between Pakistan and China has withstood the test of time, notwithstanding the changes in domestic, regional and international environments.

Both sides will continue to view China-Pakistan relations from a strategic and long-term perspective.

The Chinese side reiterated that China's relationship with Pakistan is always a matter of highest priority in its foreign policy. China appreciated the consistent and strong support by Pakistan to China's issues of core interest, and reaffirmed its support and solidarity with Pakistan in safeguarding its sovereignty, independence, territorial integrity and security.

It appreciated Pakistan's important role in promoting regional peace, stability and security and efforts for the peaceful resolution of all outstanding issues with its neighbours.

The Pakistani side stressed that Pakistan-China relationship is the cornerstone of its foreign policy, and friendship with China represents national consensus and the common desire of all Pakistani people.

Pakistan appreciated the strong support and assistance provided by the government and people of China to Pakistan in its economic development. It unequivocally upholds the one-China policy and supports all efforts made by the Chinese government to realize national reunification.

According to the joint statement, both sides agreed to maintain frequent exchange of visits and meetings at the leadership level and continue to hold bilateral meetings between their leaders on the sidelines of major multilateral conferences and events.

The two sides agreed to further strengthen links between their legislative bodies. China welcomed the establishment of China-Pakistan Friendship Groups in Pakistani Parliament.

Both sides agreed to establish the mechanism of China-Pakistan Foreign Ministers' Strategic Dialogue and rename the former Strategic Dialogue at Vice Foreign Minister-level to Political Consultations. They also agreed to continue exchange programmes pertaining to training of diplomats.

The two sides noted the growing volume of bilateral trade and agreed to take concrete measures to address trade imbalance. Those would include exchange of trade missions, broadening market access for agricultural and ICT products, and simplifying customs, quarantine and phytosanitary procedures.

In this context, the two sides agreed to conclude the second phase of the China-Pakistan Free Trade Agreement as early as possible, and continue discussions on the Pakistan-China Agreement on Trade in Services.

The two sides agreed to strengthen economic cooperation by fully leveraging the existing cooperative arrangements such as the China-Pakistan Business Council, which is composed of China Council for the Promotion of International Trade (CCPIT) and the Federation of Pakistan Chamber of Commerce and Industry (FPCCI), and those between Industry and Stock Exchanges of the two countries.

The two sides agreed to hold the next round of the Joint Economic Commission early next year.

The two sides attached importance to friendly cooperation between the People's Bank of China and the State Bank of Pakistan (SBP).

They expressed satisfaction at the operationalisation of the currency-swap agreement and reaffirmed the need to further strengthen cooperative ties of financial and banking sectors between the two countries.

Both sides noted with satisfaction that Chinese and Pakistani banks have operations in both countries. Both sides agreed to strengthen cooperation on tourism promotion.

Both sides agreed to further enhance defence cooperation, maintain high-level visits and exchanges at various levels between relevant departments of the two armed forces, make full use of the China-Pakistan Defence and Security Consultation mechanism, deepen cooperation in areas such as military exercises, training cooperation, personnel exchanges, and equipment and technology cooperation.

Both sides agreed to further enhance cooperation against "Three Evils" of extremism, terrorism and separatism. Both sides will continue to regularly utilise their existing mechanisms of Strategic Dialogue and Counter-terrorism and Security Consultations to further promote communication and cooperation in relevant fields.

The Chinese side conveyed its support to Pakistan's commitment and efforts to counter terrorism, assured Pakistan of its support in implementing its counter-terrorism strategy, and commended the tremendous sacrifices made by the Pakistani nation in fight against terrorism and for Pakistan's immense contribution to regional and international peace and security through its achievements and successes.

The Chinese side recognised Pakistan's efforts in actively strengthening financial regulations to combat terrorism financing, and called on all relevant parties to view Pakistan's counter-terrorism efforts in an objective and fair manner.

The Pakistani side reaffirmed its support to the Chinese side in safeguarding its sovereignty and security, and combating separatism, terrorism and extremism including East Turkistan Islamic Movement (ETIM).

Both sides agreed to further strengthen policy dialogue and strategic communication on maritime issues and expressed satisfaction on the Pakistan-China Maritime Cooperation Dialogue. They agreed to continue their close cooperation on navigation security, marine economy, exploration and utilization of marine resources, marine scientific research and marine environmental protection.

Both sides agreed to further expand and deepen their collaboration including in the areas of new and emerging technologies, nanotechnology, biotechnology, ICT, which can contribute to improved living standards through their applications in the fields of health, agriculture, water, energy and food security.

The two sides agreed to actively promote 2012-2020 Space Cooperation Outline between China National Space Administration (CNSA) and Pakistan Space and Upper Atmosphere Research Commission (SUPARCO). Expressing satisfaction on the launch of Pakistan Remote Sensing Satellite (PRSS) earlier this year, both sides agreed to further strengthen bilateral cooperation in space technology applications.

The two sides agreed to strengthen cooperation in the field of manned space, and the China Manned Space Engineering Office (CMSEO) and SUPARCO will sign a framework agreement on cooperation.

Both sides reaffirmed their commitment to the purposes and principles of the UN Charter, promoting international peace and security, and safeguarding the contemporary world order and the UN-centric international system.

China appreciates Pakistan's quest for peace through dialogue, cooperation and negotiation, on the basis of mutual respect and equality, and supports Pakistan's efforts for improvement of Pakistan-India relations and for settlement of outstanding disputes between the two countries. Pakistan supported active participation of China at the platform of the South Asian Association for Regional Cooperation (SAARC). Both sides agreed to strengthen cooperation on the Afghan issue and support the 'Afghan-owned and Afghan-led' peace and reconciliation process.

China appreciates that Pakistan and Afghanistan are coordinating closely through the Afghanistan-Pakistan Action Plan for Peace and Solidarity (APAPPS) to enhance cooperation between the two countries in all areas.

The two sides reaffirmed their commitment to multilateral, non-discriminatory arms control and non-proliferation endeavours. They noted with concern the continued pursuit of double standards in the application of non-proliferation norms and procedures and called for policies upholding rule of law and long-standing rules. China appreciates and supports steps taken by Pakistan for strengthening the global non-proliferation regime. In this context, China supports Pakistan's engagement with the Nuclear Suppliers Group and welcomes its adherence of NSG Guidelines.

Recalling the commitments of all states for implementation of General Assembly and Security Council resolutions relating to international terrorism, both sides underscored the need for all States to avoid politicization of the UN Sanctions regime and the work of the Financial Action Task Force (FATF). Both sides also reiterated the need to evolve the text of Comprehensive Convention on International Terrorism on the basis of consensus.

Both sides agreed to strengthen coordination and cooperation on international and regional issues of common interest; and maintain close communication and coordination within international and regional organizations and mechanisms such as the United Nations, the Shanghai Cooperation Organization (SCO), SAARC, the Asia-Europe Meeting (ASEM), the ASEAN Regional Forum (ARF) and the Conference on Interaction and Confidence Building Measures in Asia (CICA). China welcomed Pakistan's membership of SCO and appreciated its active participation in the SCO Summit in Qingdao in June 2018.

https://tribune.com.pk/story/1840365/1-pak-china-ties-multi-dimensional-pm-imran/

PAKISTAN, INDONESIA AGREE TO BOOST TRADE TIES
RECORDER REPORT NOV 7TH, 2018 ISLAMABAD

Secretary Commerce Younus Dagha held a meeting with Indonesian Minister for Trade on the sidelines of Import Expo, Shanghai. Both the sides agreed to further strengthen the trade relations between two countries. Secretary Commerce, raised the issue of delay in notification of inclusion of 20 additional tariff lines in Pakistan Indonesia Preferential Trade Agreement (IP-PTA), says a press release issued here on Tuesday.

Indonesian Minister for Trade assured that the notification would be issued by end of November. Inclusion of these tariff lines in IP-PTA would help Pakistan's exports to Indonesia to grow further. Products like Denim fabric, Ethanol, home textile, towel, rice and mangoes would benefit.

Both the sides also agreed to initiate a study to establish the feasibility of further expansion of IP-PTA. Indonesia has also issued notification to allow import of Mangoes from Pakistan for the upcoming season.-PR

https://fp.brecorder.com/2018/11/20181107421803/

TRADE DEFICIT SHRINKS TO $11.8BN
Mubarak Zeb Khan November 10, 2018

ISLAMABAD: The country's trade deficit during July-October shrank by 1.97 per cent year-on-year to $11.786 billion from $12.02bn, according to latest data released by Pakistan Bureau of Statistics on Friday.

During the period between July-October, exports jumped up by 3.52pc at $7.28bn with imports moving up by a meagre 0.06pc reaching $19.071bn from $19.06bn same period last year.

Pakistan’s economy has been under immense pressure from the declining reserves and dented exports; the PTI government has introduced a range of reforms to curb imports and push up exports but efforts have not brought about the desired results.

Finance Minister Asad Umar has stressed the need to enhance exports to overcome debt or risk more loans from International Monetary Fund.

China promises deeper market access to Pakistani exporters

However, these efforts have not translated into exports, which after peaking in March at $2.31bn, have been on the declining trend during the last eight months, falling to their lowest in September at $1.78bn after a slight growth in August.

The lukewarm growth in exports was also visible during October on yearly basis after it clocked in at $1.9bn up only by a meagre 1.17pc from the same period last year.

The tepid growth in exports comes despite the Rs32bn cash support during the last 18 months to the textile and clothing exporters under a Special Prime Minister Package.

There are also reports that China has agreed to provide deeper market access for Pakistani goods worth $1bn in the current fiscal year but it was not clear when those measures will be taken to boost exports to China under the free trade agreement.

It is, however, pertinent to mention the declining trend in imports. Imports have flattened during the last four months – including October – with a meagre increment of 0.06pc. Y-o-y imports during the outgoing month saw a reversal of 1pc falling to $4.84bn from $4.9bn last year.

The decline in imports can be attributed to the dip in machinery related imports which fell to their lowest in two years at $505m in August. These imports emanated from the ongoing infrastructure and energy related projects under the umbrella of China-Pakistan Economic Corridor.

Exports and remittances are key contributors to country’s foreign exchange reserves. State Bank’s foreign exchange reserves have already fallen to their four and a half year lows to $7.67bn. The declining reserves — enough to cover just one month imports — are at the heart of economic challenges troubling the incumbent government.

Pakistan’s external sector has staged a recovery during the ongoing fiscal year evident in the 13pc jump in inward remittances coupled with the flattening trade deficit and imports.

Published in Dawn, November 10th, 2018

https://www.dawn.com/news/1444699/trade-deficit-shrinks-to-118bn

NEWS COVERAGE PERIOD FROM OCTOBER 29TH TO NOVEMBER 4TH 2018
PAKISTAN RANKED 8TH IN SIZE OF TRADE DEFICIT
By Aadil Nakhoda

Published: October 29, 2018

KARACHI: The tenure of the previous government, from 2013 to 2018, witnessed a skyrocketing current account deficit as it increased from $2.5 billion in FY13 to $18.9 billion in FY18.

The major driver was the trade deficit, which widened from $19.2 billion in 2012 to $35.6 billion in 2017, according to data extracted from the ITC's Trademap.org. Imports increased from $43.8 billion in 2012 to $57.4 billion in 2017 and exports decreased from $24.6 billion in 2012 to $21.9 billion in 2017.

In June 2013, the real effective exchange rate (REER), reported by the State Bank of Pakistan (SBP), was valued at 104.35. In April 2017, it peaked at 127.44. However, the Pakistani rupee has further depreciated since December 2017, bringing it closer to its equilibrium value. REER in June 2017 was reported at 111.18.

Between July 2014 and June 2015, REER had increased by 8.83%. It increased by 5.54% in the prior fiscal year, FY14. In simpler terms, the rupee was kept above its equilibrium value between June 2013 and June 2018, making it cheaper to purchase goods from other countries. Furthermore, exporters lost their competitiveness against foreign competitors in the global market.

Today, with the rupee closer to its equilibrium value, exports have increased. This has positively impacted the trade balance, alleviating some of the concerns regarding the burgeoning current account deficit.

First, let us examine how the severe trade deficit for Pakistan, as reported by Trademap.org, is relative to other countries experiencing large trade gaps. With a deficit of more than $35 billion, Pakistan was ranked eighth in terms of the size of the trade deficit in 2017.

The trade deficit of Pakistan exceeds the total value of its exports. Even though the trade deficit was skyrocketing, the exports and imports (goods and services) as a percentage of GDP, as reported in the World Development Indicators by the World Bank, was the lowest for Pakistan in the region. Even with relatively higher levels of imports, the lack of exports has turned Pakistan into a relatively closed economy within the region.

The lack of export growth to accompany the high rate of import growth is a serious cause for concern. Pakistan had a trade deficit of $13.9 billion with China and $6.7 billion with the UAE in 2017. Moreover, it had a trade deficit of more than $1 billion with nine countries including Saudi Arabia, India, Thailand and Japan. In 2013, the trade deficit with China was $4 billion. Hence, the increase in CPEC-related imports was by far the most important factor in the rising trade deficit.

Product-wise imports

Considering the product classification by HS codes, which is followed by the Pakistan Customs, the imports of machinery and mechanical appliances increased from $3 billion in 2012 to $6.9 billion in 2017. Imports of electrical machinery increased from $2.8 billion in 2012 to $4.7 billion in 2017 while iron and steel imports increased from $1.8 billion to $3.4 billion.

However, there was a relatively smaller increase in the import of vehicles, which rose from $1.6 billion in 2012 to $2.7 billion in 2017, primarily as a result of the import of motor cars from Japan and Thailand. The most commonly imported cars are of smaller engine sizes, up to 1,500cc.
The fall in global oil prices between 2014 and 2017 led to a decrease in the import of mineral fuel. However, a recent shift in preference towards LNG and coal contributed to a surge in the value of imports of mineral fuels.
The demand for other products such as dry fruits, processed food and tea and coffee increased as well, primarily due to the overvalued exchange rate, but not to the extent of the aforementioned products. Palm oil has a larger share in imports than any other labeled under food items.

In essence, major contributors to the increase in imports are CPEC-related power machinery and construction material and equipment. As major projects are completed, the CPEC-related imports will decline. Food and luxury items constitute a smaller proportion of total imports into Pakistan. However, with rising fuel prices, fuel commodities will regain their share in the import bundle.

Efforts to curtail imports by increasing regulatory duties may divert imports into informal channels and create further challenges for the declining foreign exchange reserves.

Exports of goods and services as a percentage of GDP for Pakistan have declined from 12.4% in 2012 to 8.2% in 2017, the lowest amongst major economies in the South Asian region. Exports of textile products, which have the largest share, have hovered around $13 billion. Bangladesh and Vietnam increased their textile exports by more than 70% during the same time period.

Both Vietnam and Bangladesh imported textile machinery at 145% more value than that for the textile machinery imported by Pakistan in 2017. Since 2010, imports of textile machinery into Pakistan have remained stagnant.

It is important to note that Pakistan was one of the top five importers of textile machinery in 2005. Bangladesh and Vietnam import primarily knitting machinery, while Pakistan imports mostly spinning machinery involved in upstream production.

As Pakistan is a large cotton-producing country, investments in upstream textile production, such as cotton yarn, is likely. However, there is an urgent

need to increase investments in downstream high value-added exports in the textile industry, such as garments and other finished products. The increase in exports in FY18 was primarily due to the utilisation of idle capacity in the textile sector.
The United Nations Conference on Trade and Development's (Unctad) trade and development report 2018 predicts higher levels of uncertainty in global trade may disrupt trade volumes. Higher levels of tariffs are likely to have consequences for income distribution and aggregate demand.

However, Pakistan can seek to attract foreign investment that is likely to be relocated from such countries. In summary, the government must adopt the right set of policies to attract investment and tackle the current account deficit.

The writer is Assistant Professor of Economics and Research Fellow at CBER, IBA

Published in The Express Tribune, October 29th, 2018.

https://tribune.com.pk/story/1836177/2-pakistan-ranked-8th-size-trade-deficit/

PAKISTAN'S EXPORT POTENTIAL TOO LOW TO SIGN AN FTA WITH THAILAND
By Bilal Hussain

Published: October 31, 2018

In the case of Thailand, for its top 25 high potential exports, the ASEAN country had a potential to export items worth an additional $6.26 billion to Pakistan. PHOTO: FILE

KARACHI:Pakistan proves to be inefficient when its export potential is compared with Thailand, which is why it may be unfavourable for the country to seek a free trade agreement (FTA) with Thailand.

Trade potential is an economic concept that allows us to identify the scale and scope of increasing bilateral trade. It seeks to measure the prospective trade that can exist between the two countries, if the trade is completely frictionless between them.
Pakistan's export potential for any product to be exported to Thailand is calculated by subtracting its actual exports for a particular product to Thailand from the minimum of its exports to the world or from Thailand's imports of the same product from other parts of the world.

On the other hand, the import potential is calculated by subtracting Pakistan's actual import from Thailand from the minimum of Pakistan's imports from the world and Thailand's exports to the world for that product.

In short, the assessment of trade potential helps understand the benefits or limitations of bilateral trade between countries with either preferential or free trade agreements.

Samir Amir, who led the Pakistan Business Council (PBC)'s comprehensive review of the proposed FTA with Thailand, said an FTA with Thailand will not go in favour of Pakistan.

While explaining Pakistan's export and import potential with Thailand, Amir said Pakistan's export potential was very low, while import potential is very high, which means Pakistan has a potential to buy more from Thailand than it is able to sell.

According to the research study, in 2017 the 25 high potential exports from Pakistan, at HS-06 level, had an additional potential of $1.39 billion of exports to Thailand as compared to the current exports of only $21.84 million for these 25 high potential items.

In the case of Thailand, for its top 25 high potential exports, the ASEAN country had a potential to export items worth an additional $6.26 billion to Pakistan. In 2017, exports of these 25 high potential items were worth $133.99 million.

"This report follows our country reports on Africa, Central Asia and Latin America. We will do eight reports on Asia, of which this is the first," said PBC CEO Ehsan Malik.
"Thailand enjoys a trade surplus of over $1.2 billion with Pakistan. Its exports have been growing, while ours exports are flat," he said, adding, "Our previous review of a possible FTA with Thailand also concluded that it was not desirable. We don't have the capability of meeting what Thailand needs."
"On the other hand, Thailand is ambitious to penetrate the automobile, auto parts etc sectors, which are all nascent industries in Pakistan and need time to build scale being poised against established countries like Thailand," he explained.

Thailand had an all-time high trade surplus of $1.25 billion with Pakistan – with exports of $1.4 billion against imports of $148.32 million in 2017. Such a huge difference is due to diversity in product mix.

Thailand being a technologically advanced country exports vehicles, auto-parts, chemicals, and machinery and electrical appliances to Pakistan against imports of fish, paper products, cotton and textile articles.

Published in The Express Tribune, October 31st, 2018

https://tribune.com.pk/story/1837515/2-pakistans-export-potential-low-sign-fta-thailand/

GERMAN TRADE DELEGATION
The Newspaper's Staff Reporter November 01, 2018

ISLAMABAD: Secretary Planning, Development & Reform Zafar Hasan said the government is focusing on export-oriented policies to boost exports and put economy on growth trajectory.

The secretary said this in his meeting with a business delegation from Germany headed by Deputy Ambassador to Pakistan Mr Jens Jokisch at Islamabad on Wednesday.

He also called for launching joint ventures in collaboration with local companies and transfer of technology especially related to hydropower generation.

He said the CPEC is open to third party participation under bilateral arrangement.
Published in Dawn, November 1st, 2018
https://www.dawn.com/news/1442724/german-trade-delegation

PAKISTAN, UZBEKISTAN DISCUSS WAYS TO BOOST TRADE
By APP

Published: November 2, 2018

ISLAMABAD: Pakistan and Uzbekistan on Thursday discussed a comprehensive roadmap for boosting their bilateral trade, investment and economic cooperation and agreed to continue their dialogue for closer collaboration in all areas.

Foreign Minister of Uzbekistan Abdulaziz Kamilov and his Pakistani counterpart Shah Mehmood Qureshi in a press stakeout at the conclusion of their bilateral talks at the Foreign Office were unanimous in their views that peace and stability in the region was vital for progress and development of their peoples.

Qureshi mentioned the letter of the President of Uzbekistan, Shavkat Mirziyoyev, to Prime Minister Imran Khan and said it gave a new direction to their ties and paved the way for “very meaningful engagement” between the two countries, by proposing road and rail connectivity, which he said has a wide regional and international support.

He was positive that the ties between the two countries would get a further boost in the days ahead. He said the two countries have turned a new page in their ties.

He said the two countries have a great opportunity in enhancing their bilateral ties in many new areas besides tourishm.

Abdulaziz Kamilov said the discussions focused on cooperation in trade, investment and economy, besides development projects related to road and rail communications.
He hoped greater people-to-people contacts would bring the two countries further closer.
He said the two countries were also cooperating on issues of security and said the head of Uzbekistan’s National Security was also part of his delegation.

He mentioned the mutual understanding and respect shown by both the sides and said the two countries would continue cooperation in all areas.

He said Pakistan was an important country of the region and can play its part in bringing peace and stability.

The two foreign ministers were unanimous on their views on Afghanistan and stressed the need for peace and stability, and termed it vital for the progress of the region.

Qureshi said both the countries feel that there was no military solution to the issues in Afghanistan and there was a need to resolve the matter through talks.

The foreign minister of Uzbekistan, who was on his second visit to Pakistan, invited Qureshi and said the two countries can identify new areas of cooperation. APP

https://tribune.com.pk/story/1838945/1-pakistan-uzbekistan-discuss-ways-boost-trade/

PAKISTAN TURKEY LIKELY TO SIGN FTA SOON: PRESIDENT ALVI
The News November 3, 2018

KARACHI: President Dr Arif Alvi on Saturday said Pakistan and Turkey were likely to sign a free trade agreement (FTA) soon, which would boost their bilateral trade.

“During my recent visit to Istanbul, I talked to Turkish President Tayyip Erdogan on the FTA.
Seven meetings had been held in the past, but the FTA could not be finalized because of certain concerns shown by Turkey.
“Now, these hindrances will be removed and the FTA will be finalized soon,” he added.

The president was speaking at the launching ceremony of 16th International “My Karachi : Oasis of Harmony” exhibition-2019 at a hotel here.

The 3-day international trade event will be held on April 5-7, 2019. The Karachi Chamber of Commerce and Industry (KCCI) has been organizing the international exhibition every year since 2004 to project Pakistan’s soft image and potential before the world ; especially the West where negative propaganda about the country was at its peak.

Chairman Businessmen Group Siraj Kassam Teli, KCCI President M Junaid Makda, former KCCI president Haroon Farooki, M. Zubair Motiwala, Anjum Nisar, Iftikhar Ahmed Vohra, A. Q. Khalil, Tahir Khaliq, Myjed Aziz, M. Younas Bashir and M. Jawed Bilwani and KCCI Advisor on Electrical Affairs Engr Wali Muhammad Rahimoon were prominent among those who attended the ceremony.

The president said his Turkish counterpart agreed that more serious and concrete steps were needed to be taken for increasing bilateral trade, which had decreased to $600 million from $1billion per year.

He said the Turkish government, business community and the people in general gave great importance and respect to Pakistan and its citizens.

Turkish investors were keen to invest in various sectors in Pakistan, he added.

Four Turkish companies, he said, were ready to bring $1.5 billion investment to Pakistan.

However, there were certain issues needed to be addressed before their arrival, he added.

Albania, who is a member of European Union, also expressed deep interest in Pakistan”s goods trade to European countries through Albania after some value-addition there.
Dr Alvi assured that the Pakistan Tehreek-i-Insaf leadership would honour its promises and commitments which it made with the trade and industrial community before the general election.

Besides better law and order, the government was going to take important and long-lasting measures to bring down the cost of doing and ensure ease of doing business.

“At least, I shall fulfill my promises and will make every effort in this regard,” he said.

He said the PTI government was taking concrete measures on short and long terms to provide a business friendly environment, including security to life and property of the business community and the people in general.

After maintaining law and order in the country, he said, elimination of corruption was imperative to attract local and foreign investment.

The president paid tribute to the Pakistan Army and other law enforcing agencies for bringing peace and security in the country.

He said Pakistan had now economically become a place of attraction for the world.

There were potential areas for local and foreign investment and the government would provide a business friendly environment, he added.

https://www.thenews.com.pk/latest/389227-pakistan-turkey-likely-to-sign-fta-soon-president-alvi

December 2018

NEWS COVERAGE PERIOD FROM NOVEMBER 10TH TO DECEMBER 16TH 2018

CHALLENGES IN FOOD TRADE

Mohiuddin Aazim December 10, 2018

Can Pakistan boost food exports to its neighbouring countries such as Afghanistan, China, India and Iran? The answer is yes. But exploiting the food export potential requires more than meets the eye.

Foreign trade with each of these countries has its own challenges. In Afghanistan, it’s our involvement in the peace process along with the United States and China that have an impact on trade.

In China, we can get a bigger market share only if we produce quality foodstuff that meets high standards of the second largest economy on earth.

Food exports to the neighbouring countries cannot rise unless the government devises a pragmatic strategy with the help of the provinces

In the case of India, both Islamabad and New Delhi need to defuse political tensions first to be able to trade more.

Our food exports to Iran can grow despite the re-imposition of US sanctions on that country as food trade is largely exempt from the sanctions. But the problem is that we have already lost Iranian markets to competitors due to years of lethargy and regaining ground is not that easy.

Keep this in mind and then switch over to the issue of food security. Our fast-growing population continues to erode exportable surplus of food grains and we have not been able to develop our value-added food industries and made them viable for exports.

Political issues aside, it will take a couple of years and exceptional hard work on our part in areas like meeting quarantine and quality standards of China, India and Iran and the production of value-added products to increase our food exports there, officials of the Trade Development Authority of Pakistan (TDAP) say.

In the case of Afghanistan, we will have to be more competitive as India, Iran and the Central Asian countries have lately captured a large part of Afghan food import markets, they say.

The government has so far not rolled out any plan on meeting these and other challenges. The discourse on agriculture and food exports has remained general in nature and specifics are missing.

In the last fiscal year, Pakistan's food exports grew 29 per cent to $4.8 billion from $3.71bn a year **earlier** — a substantial gain of $1.08bn. But destination-wise, only a small part of this growth originated from within the neighbouring markets as a whole. For example, rice shipments to China grew to $129 million from $105m. But that was offset by a decline in rice exports to Afghanistan to $54m from $77.5m.

Exports of fish, seafood and their by-products to China went up to $84m in 2017-18 from $59m in 2016-17. But such exports to other three neighbouring countries were next to zilch. Sugar exports to Afghanistan, China and India, however, increased substantially as a bumper sugar cane output created a glut-like situation in Pakistan, forcing millers to export it on reduced rates.

Currently, the implementation of deep-sea fishing policy has brought to a near-halt the operations of fishing trawlers. It has already started affecting fresh supplies of fish in local markets. It is feared that exports of fish and fish products will suffer, too.

This federal policy has annoyed the Sindh government. The provincial assembly has asked the federation to abolish it as it 'violates' the 18th constitutional amendment that makes agriculture, including fisheries, a completely provincial subject.

Trading with the neighbours is more cost effective than trading with the rest of the world. Exporters prefer trading with neighbouring countries for several reasons, including a reduced shipment time and smaller overland transportation cost.

We can sell more rice and seafood to China. The potential market for meat and meat products is just too large, but the problem is that Chinese have issues with our meat processing. Officials claim that they have shown interest in setting up large meat processing facilities in special economic zones in Pakistan.

That can help in augmenting meat exports in particular and pushing our total food exports in the process. Officials of TDAP estimate that the share of exports to four neighbouring countries stood around 10pc.

We often forget that our large population (20.7m as of 2017) and high population growth (2pc per annum) is going to leave little exportable surplus in the years to come. Our crop yields are growing slower than those in the rest of the world. We are not investing much in producing high-value cash crops, like oilseeds and pulses. Our food processing industries find it easier to produce value-added products for the local markets where the number of end-consumers is growing as a rise in income levels has enabled them to consume costlier products.

Keeping a check on population growth, boosting crop yields, investing in high-value smaller crops and encouraging food industries to produce more for export markets is, therefore, necessary.

It is also necessary to boost the output of grains and food products suitable for the neighbouring export markets. A diversification of the basket of export items with a greater focus on products that have a higher per-unit price is the key to earn more export dollars.

For the past few years, an increased output of sugar cane, for example, created an exportable surplus of sugar. But the output of brown sugar, the demand for which is growing not only across the globe, including in China and India, remains too little.

Chinese prefer parboiled rice of high quality, but creating a large exportable surplus of this kind of rice is a challenge in the absence of proper technology. In Afghanistan, the use of sugar made from sugar beets, gur (lumps of raw sugar) and corn and corn products is common, but we are not supplying these items to Afghan markets in a big way.

Pakistani veggies and fruits, especially onions, potatoes, kinnows and mangoes, have high demand in Iran, India and China, but the area remains untapped. Even our cooking oil and ghee that used to be exported in large quantities to Afghanistan are now facing a tough competition there from India.

Food exports to the neighbouring countries cannot be boosted unless the government devises a pragmatic strategy with the help of the provinces and the private sector. Just celebrating the Chinese promise to grant us greater market access or offering an olive branch to India or sweet-talking to Iran or helping in the Afghan peace process won't work in this case.

Published in Dawn, The Business and Finance Weekly, December 10th, 2018

https://www.dawn.com/news/1450552/challenges-in-food-trade

TRADE DEFICIT SLIGHTLY CONTRACTS TO $14.5B IN FIVE MONTHS
By Shahbaz Rana

Published: December 12, 2018

ISLAMABAD: The government's desire to make a big dent on last year's $37.6-billion trade deficit is likely to remain unfulfilled as the deficit marginally contracted to $14.5 billion in first five months of the current year after the growth in exports tapered off.

The trade deficit in July-November of fiscal year 2018-19 shrank on the back of almost flat growth in imports, showed the figures released by the Pakistan Bureau of Statistics (PBS). The $14.5-billion deficit in Jul-Nov FY19 was nearly 2%, or $301 million, less than the gap in the same period of previous fiscal year.

Exports in Jul-Nov FY19 increased only 1.2% to $9.12 billion. In absolute terms, export receipts rose $116 million. It was the slowest pace of growth in five months, suggesting the growth was losing steam.

The Ministry of Commerce needs to come up with some reasons for the stagnant exports even after pumping billions of rupees worth of subsidies over the past three years.

After former prime minister Nawaz Sharif's export package of Rs180 billion, the Pakistan Tehreek-e-Insaf (PTI) government has also announced subsidies for the exporters. Last week, the cabinet approved Rs25.5 billion in export subsidy.

Yet the industrialists have failed to expand the export base, which requires a review of the strategy of using taxpayers' money to support the wealthy who are not even paying their due share of taxes. The exporters are taxed under the final tax regime and pay less than 1% of their gross export receipts as income tax.

In Jul-Nov FY19, the value of imported goods was calculated at $23.6 billion, which was only 0.8% or $185 million less than the import bill in the corresponding period of previous fiscal year. It was for the first time that the cumulative five-month growth in imports turned negative after remaining almost flat in the past four months.

Pakistan had closed the last fiscal year with a trade deficit of $37.6 billion, which became the key reason behind the highest-ever current account deficit of $18.9 billion in the year. The PTI government wants to cut the trade deficit to nearly $26 billion, which seems highly impossible now.

The value of exported goods came in at 260% less than the value of imports. Imports of the country have started to ease due to the State Bank of Pakistan (SBP)'s numerous policy and administrative measures. Additionally, the federal government has imposed heavy regulatory duties on imported goods.

Since December 2017, the SBP has let the rupee depreciate by 34% to Rs139 against the US dollar in a bid to curtail the current account deficit, which is presently Pakistan's biggest challenge. China has offered a $1-billion duty-free facility to Pakistan for enhancing its exports. As compared to over $15 billion worth of imports, Pakistan exports only $1.2 billion worth of goods to China, which is not commensurate with the potential. PBS data showed that Pakistan's overall exports contracted 3.1% to $1.84 billion in November 2018 over the same month of previous year. This suggests that the exporters are unable to take benefit of the currency depreciation as they have not moved up on the value chain.

In absolute terms, the export receipts decreased $60 million to $1.84 billion in November. Imports also contracted to $4.62 billion, down $215 million from the same month last year. Consequently, the trade deficit contracted 5.2% to $2.8 billion in November over the same month of previous year. In absolute terms, the deficit narrowed $155 million.

Exports also slid on a month-on-month basis. In November, exports decreased 6.4% over October. In absolute terms, export receipts decreased $125 million.

Imports also shrank 2.8% month-on-month to $4.62 billion. There was a reduction of $132 million in the import bill in November. The month-on-month trade deficit marginally shrank $7 million in November over October, according to the PBS.

Published in The Express Tribune, December 12th, 2018.

https://tribune.com.pk/story/1864786/2-trade-deficit-slightly-contracts-14-5b-five-months/

NEWS COVERAGE PERIOD FROM NOVEMBER 3RD TO DECEMBER 9TH 2018
WTO TO RULE IN MORE SPATS OVER US TARIFFS
GENEVA: The World Trade Organization agreed Tuesday to hear complaints from Switzerland and India over US steel and aluminium tariffs, bringing the total number of such complaints it is reviewing to nine.

The WTO's Dispute Settlement Body (DSB) has agreed to establish panels to review US President Donald Trump's decision to hit a long line of countries with tariffs of 25 percent on steel and 10 percent on aluminium.

The DSB accepted Tuesday to create separate panels to hear the complaints by Switzerland and India, after the two countries filed a second request for their cases to be heard.

The DSB already agreed last month to establish panels to hear disputes brought by the European Union, China, Canada, Mexico, Norway, Russia and Turkey.

Marking a departure from a decades-long US-led drive for free trade, Trump has justified the steep tariffs with claims that massive flows of imports to the United States threaten national security.

Washington invoked a rarely used WTO exception that allows a country to take "any action which it considers necessary for the protection of its essential security interests".

The decision to establish the panels follows rounds of failed consultations between the parties and mark an escalation in an ongoing showdown at the WTO around Trump's controversial trade policies.

Under WTO regulations, parties in a dispute can block a first request for the creation of an arbitration panel, but if the parties make a second request, it is all but guaranteed to go through.

Russia on Tuesday blocked a first request from Washington to establish a dispute panel to rule on the legality of retaliatory tariffs imposed by Moscow.

But the DSB has already agreed to hear US complaints over similar retaliatory duties imposed by Canada, China, the European Union, and Mexico on US imports, and should soon agree to hear the US complaint over the Russian tariffs.

Also on Tuesday, Saudi Arabia blocked a first request from Qatar for a panel to hear its complaint over Saudi Arabia's alleged failure to provide adequate protection of the intellectual property rights of Qatari-based entities.

Qatar launched the dispute in October, accusing Saudi Arabia of blocking Qatari-owned broadcaster beIN and of not taking proper action against piracy of beIN's content by a Saudi-based piracy outlet called "beoutQ".

According to a Geneva trade official, Saudi Arabia insisted Tuesday that the severance of diplomatic ties with Qatar made it impossible to conduct any dispute settlement in the matter.

Evoking the issue of national security, it insisted that a WTO panel had no power to rule in the matter and could not be turned into a venue to resolve national security disputes.—AFP

https://epaper.brecorder.com/2018/12/05/6-page/752469-news.html

PAKISTAN, IRAN DISCUSS WAYS TO BOOST BILATERAL TRADE TO $5 BILLION
By Our Correspondent
Published: December 4, 2018
ISLAMABAD: Pakistan and Iran on Tuesday agreed to enhance their bilateral trade relations and improve railway connectivity during the 10th round of Pakistan-Iran Political Consultations in Islamabad.
The delegation-level talks — led by Foreign Secretary Tehmina Janjua and Iranian Deputy Foreign Minister Syed Abbas Araghchi — focused on measures to enhance bilateral trade to $5 billion, scaling down of trade barriers and speedy progress on facilitating preferential trade.

According to a Foreign Ministry statement, both sides agreed to hold the 21st session of the Joint Economic Commission early next year.

They also discussed ways and means to facilitate the growing number of pilgrims travelling every year to Iran from Pakistan.

Araghchi arrived Islamabad on Monday for the meeting. Bilateral Political Consultation between Iran and Pakistan was one of the several important institutional mechanisms to regularly review and chart the way forward in various areas of cooperation.

During the meeting, both sides expressed satisfaction at the continuing warmth in the bilateral relationship anchored in religious and socio-cultural affinities. In addition, a long 'border of friendship' between the two countries has provided a means for regular people-to-people contacts over the centuries.

In recent years, both countries have also provided each other principled support on the issues of Kashmir and the Joint Comprehensive Plan of Action (JCPOA). Pakistan and Iran are close neighbours enjoying similarity of views on most regional and international issues.

The bilateral consultations provided the opportunity to review the progress made under various other institutional mechanisms concerning consular, economic, trade and border-related issues between the two sides.

Both the countries have been affected adversely due to the 40 years old conflict and instability in Afghanistan which resulted in serious challenges, including millions of Afghan refugees, the narcotics trade, illegal migration and the rise of new terrorist outfits like Daesh.

At the meeting, it was noted that fully supporting an Afghan-owned Afghan-led peace and reconciliation process was the best way to overcome the serious security and politico-economic challenges faced by Pakistan and Iran.

A coordinated approach in this regard was important to safeguard the core interests of both Pakistan and Iran in this situation. Views were also exchanged on other important regional and international issues, including the situation following the US unilateral withdrawal from the nuclear deal, the situation of human rights in Kashmir and the conflict in the Middle East.

https://tribune.com.pk/story/1860231/1-pakistan-iran-discuss-ways-boost-bilateral-trade-5-billion/

PAK-INDIA TRADE MUCH BELOW FULL POTENTIAL: WORLD BANK
Mubarak Zeb Khan Updated December 06, 2018

ISLAMABAD: Trade between Pakistan and India is only valued at a little over $2 billion, but it could be as high as $37bn, says a World Bank report.

The current trade between the two countries is much below its full potential. It could only be harnessed if both countries agreed to tear down artificial barriers.

The bank also estimated Pakistan’s potential trade with South Asia at $39.7bn against the actual current trade of $5.1bn.

Report unpacks four critical barriers

The report, “Glass Half Full: Promise of Regional Trade in South Asia”, released here on Wednesday unpacks four of the critical barriers to effective integration.

The four areas are tariff and para-tariff barriers to trade, complicated and non-transparent non-tariff measures, disproportionately high cost of trade, and trust deficit.

Talking to a group of journalists on key points of the report here at the World Bank office on Wednesday, lead economist and author of the document, Sanjay Kathuria, said it was his belief that trust promotes trade, and trade fosters trust, interdependency and constituencies for peace. In this context, he added, the opening of the Kartarpur corridor by governments of Pakistan and India would help minimise trust deficit.

He said such steps will boost trust between the two countries. For realising the trade potential between Pakistan and India, he suggested the two countries start with specific products facilitation in the first phase.

Mr Kathuria said Pakistan had least air connectivity with South Asian countries, especially India. Pakistan has only six weekly flights each with India and Afghanistan, 10 each with Sri Lanka and Bangladesh and only one with Nepal, but no flight with the Maldives and Bhutan.

Compared to this, India has 147 weekly flights with Sri Lanka, followed by 67 with Bangladesh, 32 with the Maldives, 71 with Nepal, 22 with Afghanistan and 23 with Bhutan.

The report recommends ending sensitive lists and para tariffs to enable real progress on the South Asia Free Trade Agreement (Safta) and calls for a multi-pronged effort to remove non-tariff barriers, focusing on information flows, procedures, and infrastructure.

Policy-makers may draw lessons from the India-Sri Lanka air service liberalisation experience. Connectivity is a key enabler for robust regional cooperation in South Asia.

Mr Kathuria says reducing policy barriers, such as eliminating the restrictions on trade at the Wagah-Attari border, or aiming for seamless, electronic data interchange at border crossings, will be major steps towards reducing the very high costs of trade between Pakistan and India.

He argues that the costs of trade are much higher within South Asia compared to other regions. The average tariff in South Asia is more than double the world average. South Asian countries have greater trade barriers for imports from within the region than from the rest of the world.

He says these countries impose high para tariffs, which are extra fees or taxes on top of tariffs. More than one-third of the intraregional trade falls under sensitive lists, which are goods that are not offered concessional tariffs under Safta. In Pakistan, nearly 20pc of its imports from, and 39pc of its exports to, South Asia fall under sensitive lists.

World Bank Country Director for Pakistan Illango Patchamuthu said Pakistan is sitting on a huge trade potential that remains largely untapped. “A favorable trading regime that reduces the high costs and removes barriers can boost investment opportunities that are critically required for accelerating growth in the country,” he said.

World Bank’s Director Macroeconomics, Trade and Investment Caroline Freund said Pakistan’s frequent use of tariffs to curb imports or protect local firms increases the prices of hundreds of consumer goods, such as eggs, paper and bicycles.

They also raise the cost of production for firms, making it difficult for them to integrate in regional and global value chains, she said. “Pakistan needs to promote export promotion policies to ensure sustainable growth.”

On the issue of currency devaluation, she said undervalued currency is an anti-export measure. She suggests exchange rate should be determined by the real market trend.

Published in Dawn, December 6th, 2018

https://www.dawn.com/news/1449784/pak-india-trade-much-below-full-potential-world-bank

WORLD BANK ASKS PAKISTAN, INDIA TO TRADE MORE VIA LAND
By Shahbaz Rana

Published: December 6, 2018

ISLAMABAD: Political tensions between Pakistan and India have become a hurdle in the way of achieving the bilateral trade potential of $37 billion and informal trade between the two archrivals has nearly doubled the size of formal trade, stated a new report of the World Bank.

Formal trade between India and Pakistan could be $37 billion or 15-fold more than current levels, according to the report titled ‘Glass Half Full: The Promise of Regional Trade in South Asia’. The report underlined the necessity of realising the full trading potential in South Asia through baby but concrete steps.

It identified four critical barriers to regional trade which include tariffs and para-tariffs, real and perceived non-tariff barriers, connectivity costs and a broader trust deficit.

The World Bank chose to release the report at a time when the new government took over in Pakistan. The Pakistan Tehreek-e-Insaf (PTI) government has indicated that it is interested in expanding bilateral economic relations but the hardline Indian government is reluctant to deepen ties, partly because of upcoming elections.

Complex relations and political tensions between the two largest countries in South Asia had adversely affected India-Pakistan bilateral trade as well as trade within the region, added the report.

While Pakistan and India collectively represent 88% of South Asia's gross domestic product (GDP), trade between the two countries is only a little over $2 billion. This could be as high as $37 billion, said World Bank lead economist and lead author of the report Sanjay Kathuria.

The bank advocated doing more trade via Wagah-Attari border, which was cost-effective when compared to the sea route. Pakistan permits only 138 items to be imported from India through the Wagah-Attari land route. The report estimated that by reducing artificial trade barriers, trade within South Asia could grow roughly three times, from $23 billion to $67 billion. Nearly 80% of the value is lost because of tensions between India and Pakistan.

The South Asia Free Trade Agreement (Safta) would not work until the two largest regional economies traded with each other, emphasised Kathuria.

He called on Pakistan to provide India the most-favoured nation (MFN) status in order to enhance bilateral trade. Small markets at India-Pakistan borders should be set up as a confidence-building measure to promote bilateral trade, stressed the economist while sharing main findings of the report at the local office of the World Bank. He said the opening of Kartarpur corridor would assist in bridging the trust deficit that existed between the two nations.

The report stated that Pakistan's decision of not granting MFN status or non-discriminatory market access to India was also a barrier to trade. The preferential access granted by Pakistan on 82.1% of tariff lines under Safta was partially blocked in the case of India because Pakistan maintained a negative list comprising 1,209 items that could not be imported from India, it noted.

However, in practice, many of these items are exported from India to Pakistan through third countries, usually the United Arab Emirates. The report stated that the size of informal trade between Pakistan and India was 91% higher than the formal trade.

"A favourable trading regime that reduces high costs and eliminates barriers could boost investment opportunities that are critically required for accelerating growth in the country," said World Bank Country Director for Pakistan Illango Patchamuthu.

Pakistan's trade with South Asia accounts for only 8% of its global trade, despite the region being the world's fastest growing. However, intra-regional trade in South Asia is among the lowest at about 5% of total trade compared with 50% in East Asia and the Pacific.

"The contribution of exports to the total national output of Pakistan is just 10% and the country can no more sustain consumption-led growth," said World Bank Director Macroeconomics, Trade and Investment Caroline Freund.

She said the overvalued exchange rate led to the influx of cheap imports into Pakistan, which also became a barrier to the increase in exports.

"Pakistan's currency is still far from its market value and the country has performed poorly due to its overvalued currency," commented Freund.

Imports into Pakistan from South Asian countries may also be handicapped by China's preferential access through the Pakistan-China free trade agreement, according to the findings.

The report argues that costs of trade are much higher within South Asia compared to other regions. Average tariff in South Asia is more than double the world average. South Asian countries have greater trade barriers to imports from within the region than from the rest of the world.

The report recommends ending sensitive lists and para-tariffs to enable real progress on Safta and calls for multi-pronged efforts to address non-tariff barriers, focusing on information flows, procedures and infrastructure.

The visa regime between India and Pakistan is particularly cumbersome, despite the liberalised bilateral visa agreement the two countries signed in 2012 to boost trade and people-to-people contacts, according to the World Bank.

Published in The Express Tribune, December 6th, 2018.

https://tribune.com.pk/story/1861054/2-world-bank-asks-pakistan-india-trade-via-land/

TRADE WITH INDIA
Editorial December 08, 2018

AS both Pakistan and India continue to trade barbs and engage in a Twitter war, a powerful reality in their equation sits like a silent spectator. It has been said before, and has been repeated once more, that both countries have far more to gain from cooperating and working with one another than they do from being rivals. The World Bank has just estimated that the full trade potential between the two regional rivals is around $37bn, whereas the actual trade volume is closer to $2bn — much below potential. The news comes in a report on the promise of regional trade in South Asia released on Wednesday, and casts the actual state of the relationship between the various countries in the region in sharp relief. Pakistan has a total trade potential of more than $39bn with all countries of the region according to the report, but the figure for the actual regional trade volume is just $5bn.

This is a yawning gap, and filling it would need a sound roadmap for Pakistan as well as its neighbours to define their future course. Each country has its role to play in making this happen. Pakistan, for one, can make headway in allowing economic issues to play a greater role in its foreign policy, and allowing its domestic economic policy to be weaned off its addiction to donor-driven inflows and geopolitical rents. But some of the impediments to normalising trade ties that are identified in the report require attention from the Indian side. Chief among these is the resort to nontariff barriers that India is notorious for, using these not only against Pakistan but all countries of the world. Also significant, according to the report, is the lack of trust between the governments of both countries, and the absence of contact between the people of both countries means there is hardly the sort of mutual trust that is necessary for a trade relationship to thrive. The authors suggest an incremental approach towards building this trust, and steps like the opening of the Kartarpur corridor are an example of what the path ahead should look like. But for trust to thrive, the leaderships of both countries need to pull back from the strident rhetoric that they have been employing against each other ever since the corridor was opened. Perhaps the trade potential that sits silently between them can be some inducement towards this end.

Published in Dawn, December 8th, 2018

https://www.dawn.com/news/1450176/trade-with-india

UZBEKISTAN FOR INCREASED TRADE WITH PAKISTAN
APP Updated December 08, 2018

ISLAMABAD: Uzbekistan is all set to become the biggest trading partner of Pakistan from Central Asia as the bilateral trade between the two countries improved from $36 million in 2017 to over $90 million in 2018.

Uzbekistan and Pakistan have the potential to increase the two-way trade volume up to $1 billion in next 5 to 6 years, said Ambassador of Uzbekistan Furqat A Sidikov, while addressing business community here at Islamabad Chamber of Commerce and Industry (ICCI).

The central Asian country has over $500 million bilateral trade with Afghanistan. The country mainly exports utility meters, wheat, dried legumes and chocolate to Afghanistan.

Sidikov said Uzbekistan is interested in joint ventures with Pakistan in agricultural machinery, electronics, textiles and many other fields. He said that Central Asian country wanted a trilateral agreement of transit trade with Pakistan and Afghanistan in order to boost trade to higher levels.

He added that Uzbekistan was also keen to build a railway link with Pakistan through Afghanistan that would make Pakistan an international hub of business activities. The ambassador also said that Uzbekistan was desirous of signing a free trade agreement with Pakistan that could boost trade.

He said that Uzbekistan had conducted direct flights between Lahore and Tashkent and in future flights from Karachi and Islamabad to Tashkent including cargo flights could also be arranged.

Pak-Uzbek Business Council was playing a facilitation role for the business community of both countries to improve trade and emphasized that Pakistani entrepreneurs should take benefit of this platform to promote trade relations with Uzbekistan, he added.

Speaking at the occasion, ICCI President Ahmed Hassan Moughal said Pakistan accorded great importance to its close relations with Uzbekistan.

Moughal stressed the need for enhanced bilateral cooperation highlighting that Uzbekistan could provide easy access for Pakistan to Central Asia, Europe and Russian markets while Pakistan could provide better access to Uzbekistan to reach South Asia, Middle East, Africa and other markets.

He said Pakistan could export many products to Uzbekistan including food products, textiles, pharmaceuticals, surgical and sports goods. Similarly, Uzbekistan could export oil and gas, minerals and other products to Pakistan.

He urged that strong efforts should be made for the materialisation of Pakistan-Afghanistan-Uzbekistan Trilateral Transit Trade Agreement that would remove trade barriers and bring huge benefits to all the parties.

Published in Dawn, December 8th, 2018

https://www.dawn.com/news/1450128/uzbekistan-for-increased-trade-with-pakistan

FOLLOWING IMRAN’S VISIT: CHINA TO INCREASE ITS IMPORTS FROM PAKISTAN
INP

December 9, 2018

BEIJING: China is confident that its imports from Pakistan will show a reasonable increase in the coming year, following the outcome of Prime Minister Imran Khan's recent visit to Beijing.

The PM's visit was highly productive for enhancing mutual exchanges in the business sector. It was agreed that the two sides will find out new avenues of bilateral cooperation in the economic sector that helps to overcome the existing trade deficit in their bilateral trade, officials said here on Saturday.

It is hoped that in year 2019 there will be more and more interaction between the business communities of the two countries to get increased Pakistan's trade to China.

It was most encouraging factor that Pakistan and China have agreed to trade in their local currencies in an effort to reduce dependence on the US dollar for increasing their business activities.

The Currency Swap Arrangement (CSA) between State Bank of Pakistan (SBP) and People's Bank of China (PBOC) had already been extended for a period of 3 years in respective local currencies. It will be most facilitating for the Pakistani traders to sell their products in the Chinese market.

Customs data shows that China's overall trade has continued to grow through the first 11 months of the year, and looks set to continue on its upward trajectory, and it is hoped the China's economic rise will benefit the regional countries, including Pakistan.

Gao Feng, a spokesperson for China's Ministry of Commerce said that the latest figures from China's Ministry of Commerce show that the country's total imports and exports between January and the middle of November this year surpassed the total volume of trade recorded in 2017.

The spokesperson said the country's expected growth in foreign trade next year has strong underpinnings despite some external challenges.

"As the country continues to push forward with supply-side structural reform, the structure of China's exports and imports will be further optimised, while the growth potential of imports will be boosted. Although external uncertainties such as protectionism and unilateralism will add challenges to trade growth next year, the trend towards economic globalization remains unchanged, and demand from major markets continues to expand," said Gao Feng.

"The trade data reveals that the diversification of the country's trade market has accelerated, and so fluctuations in certain markets will have a limited impact on the country's broad growth in trade.

And China's import demand continues to increase. Next year, the country's foreign trade growth will have a strong underpinning, and will step up to high-quality growth."

The latest report from the International Monetary Fund predicts that the global trade in goods and services will tail off in 2019, but is still expected to grow by 4 percent.

Gao Feng said that next year China will further intensify its efforts to implement policies designed to ease foreign investment restrictions and improve the business environment.

"We will keep a close eye on the foreign trade situation. As for the uncertainty and unstable factors in international affairs, and the difficulties that domestic enterprises may face, we will keep streamlining administration, delegating powers, and optimizing services.

To further facilitate trade and business, we'll reduce the cost of imports and exports, develop new formats of trade, and further diversify the markets," said Gao Feng.

By the end of March 2019, China will lift all barriers to foreign investments not included on the negative list, and launch special investigations to ensure that foreign investors are treated fairly in China's domestic market.

https://www.thenews.com.pk/print/403567-following-imran-s-visit-china-to-increase-its-imports-from-pakistan

NEWS COVERAGE PERIOD FROM NOVEMBER 26TH TO DECEMBER 2ND 2018
IMRAN DIRECTS FINALISATION OF TRADE, TARIFF POLICIES BY END OF DECEMBER
Mubarak Zeb Khan Updated November 27, 2018

ISLAMABAD: Prime Minister Imran Khan has directed the Commerce Division to finalise three strategic policy documents ahead of Dec 31, a senior official told Dawn on Monday.

The direction from the premier comes at a time when the Commerce Division has placed these draft policies on back burner for the past many months and has yet to give final shape for their implementation.

The official said the premier has asked the division to finalise a draft five years trade policy for 2019-24 with a string of measures to enhance export competitiveness and productivity of the domestic industries.

The other two policies, National Tariff Policy and Trade Related Investment Framework, will also be made ready for approval of the cabinet latest by end of December.

Since Oct 2017, the Commerce Division has received more than 1,000 proposals to be considered for inclusion for the first draft of the five-year Strategic Trade Policy Framework (STPF).

The new proposed policy will revolve around eight pillars – institutional strengthening, trade promotion and branding, trade facilitation, marketing access and regional connectivity, services strategy, product development, compliance and gender mainstreaming.

The proposed STPF will include three policy initiatives for short, medium and long terms. In short term, measures will be taken for recovering export loss by increasing competitiveness. In medium term, several measures will be taken for leveraging strength of existing sectors, attract export oriented investment, and encourage product sophistication. In long term, the focus will be on structural reforms for product diversification into innovation based sectors.

Since 2009, the government has announced three STPF but most part of these policies remained unimplemented. The export target announced in these policies was also not materialised.

Under the draft National Tariff Policy, it will be proposed reduce duty on tariff lines, comprising raw materials and machinery for export oriented industries. It will be proposed to eliminate duty on raw materials in a phase wise with a longer period for those raw materials produced locally.

The duty will be done away with those raw materials which were not locally produced. The draft policy was also shared with all chambers and association and solicited feedback.

The Commerce Division has also drafted Trade Related Investment Framework and shared with the relevant stakeholders. The document provides a comprehensive framework to attract investment in export-oriented sectors and suggested measures to remove all bottlenecks hindering investments.

The cumulative foreign direct investment (FDI) inflows to Pakistan were recorded at $10 billion in the last five years out of which 81 per cent was concentrated in non-manufacturing sectors like power, oil and gas, construction, financial business, communication IT and telecom, transport and trade.

Published in Dawn, November 27th, 2018

https://www.dawn.com/news/1447901

WTO MEMBERS WARN PAKISTAN AGAINST GRANTING SUBSIDY ON WHEAT EXPORTS
By Zafar Bhutta

Published: November 27, 2018

ISLAMABAD: The member countries of the World Trade Organization (WTO) have warned Pakistan of initiating dispute settlement proceedings under the WTO over payment of subsidy on the export of wheat.

The government has recently allowed export of 0.5 million tons wheat. Officials told The Express Tribune that WTO member countries had voiced serious concerns over the payment of subsidy on the export of wheat. They had pointed out that the quantum of subsidy granted by the government of Pakistan was higher than the freight cost of exporting wheat. These members had also indicated that in case Pakistan again grants rebate on export of wheat, they may initiate dispute settlement proceedings against Pakistan.

This year, Punjab, Sindh and Pakistan Agriculture Storage and Services Corporation (PASSCO) had procured wheat stocks of 3.62, 1.4 and 0.9 million tons, respectively. With addition of carryover stock, the overall available stocks stood at 11.93 million tons. So far, negligible release of wheat had been made and the current wheat stock was 10.178 million tons.

The provincial governments had approached the federal government for immediate wheat export due to slow release of wheat from the public stocks and heavy mark-up. The cost of local wheat is equal to $292.7 per ton as compared to international wheat price of $218 per ton with a difference of $80 per ton.

The consignments from the sea route would also include further freight support of $30 per ton including $5 per ton as profit margin for exporters. Thus the total difference from international price of wheat in case of sea routes comes out to be $105 per ton.

The Ministry of Food had suggested the Economic Coordination Committee (ECC) in its recent meeting that the provincial governments and PASSCO may issue tenders for export of surplus wheat in tranches of 0.5 million tons.

The differential between the procurement price and auction price may be borne by the federal government and provincial governments at 60:40, in case of PASSCO it may be borne entirely by the federal government. The incidental charges may be borne entirely by the provinces.

The Ministry of National Food Security and Research had informed the ECC that the provincial food departments of Punjab and Sindh had submitted their requests to offload their surplus wheat stocks to the tune of 2.5 million tons; two million tons by Punjab and 0.5 million metric tons by Sindh, by providing freight support of the federal government.

A similar request by PASSCO had also been submitted for export of 0.6 million tons with freight support of $115 million ton. Overall, a quantity of 3.1 million tons of wheat and wheat products had been proposed by the Punjab, Sindh and PASSCO at freight support to be shared equally between the federal and provincial governments.

The ECC observed that in the first phase 0.5 million tons of wheat and wheat products be exported by PASSCO; 0.1 million tons by federal government and 0.4 million tons by Punjab and Sindh.

The ECC may review the issue regarding further export of wheat after two weeks. It was also agreed that the federal government may provide freight support to PASSCO for export of wheat while the governments of Punjab and Sindh may bear freight support charges for their respective export.

Published in The Express Tribune, November 27th, 2018.

https://tribune.com.pk/story/1854848/2-wto-members-warn-pakistan-granting-subsidy-wheat-exports/

INDONESIAN DIPLOMAT EYES $9BN TRADE WITH PAKISTAN
RECORDER REPORT

KARACHI: Indonesian head of delegation and an ambassador from Ministry of Foreign Affairs Raudin Anwar has said his country's target is to increase Pakistan-Indonesia bilateral trade volume by $9 billion in 2019.
"Indonesian and Pakistani economies have all ingredients to prosper together," he said, speaking at a meeting of Karachi Chamber of Commerce and Industry (KCCI).

Led by Ambassador Raudin Anwar, Indonesian delegation comprised of Jhony Siburian, Director at the Indonesian Investment Board and representatives from Adaro Energy, Global Feed and Indonesian Exim Bank. Anwar introduced them to the KCCI members. He said they all are prominent companies with strong footprints in Indonesia and international markets.

He said that time has come now to capitalize on the progress Indonesia and Pakistan have made in the last five years. He said the two countries should take next steps to improve bilateral trade.

"The business community of Karachi should not only explore the business prospect of their products to service their companies' needs, but also the role they can play in the growth together," he said.

He told the KCCI officials and members that they had travelled from Jakarta to update them on Indonesia as well as new opportunities in trade and investment for them. He said that is why Indonesian delegation takes on board both government officials and business people.

Anwar was of the view that Pakistan and Indonesian economies and businesses would be better positioned in the today's highly-competitive world if they collaborate.

He said Pakistan is an economy with considerable strength and growth. He noted that many observers from abroad look at Pakistan's economy and wonder if it is becoming "one of the South Asian tigers. He said that for a number of reasons, he thinks that would be very likely. From that standpoint, he said, we can clearly see the enormous business opportunities that are present in both economies.

Indonesian diplomat requested Karachi Chamber to extend strong support for enhancing trade and investment as this is the only way for progress, for mutual benefits and prosperity.

Indonesian Foreign Ministry's representative was fairly optimistic that business community of Karachi would finally work together with Indonesian businesses.
He advised KCCI representatives to share business ideas and lead the way. "We at the Ministry are more than happy and ready to help you finding Indonesian business partners to complement your success," he said.

KCCI president Junaid Esmail Makda, in his welcome speech, said that Karachi, which is the economic hub of Pakistan, offers profitable investment opportunities and added facilities for investment and joint ventures to investors from Indonesia. "With improved law and order situation and after completion of China-Pakistan Economic Corridor and Gwadar Port, this region is likely to attract substantial amount of foreign investment from different parts of the world whereas Indonesia can also benefit from the situation by investing or undertaking joint ventures in Pakistan, particularly in Karachi," he said.

As far as relations between the two countries are concerned, he said, Pakistan-Indonesian relations are particularly special, founded on common mutual religious outlook. The bilateral trade between the two countries is heavily in favour of Indonesia. In 2017, Pakistan exported goods worth $241 million to Indonesia against $157 million in the preceding year depicting a surge of 53.6 percent. The increase in exports was mainly attributed to higher exports of citrus fruits, cotton, iron and steel. On the other hand, Pakistan's imports from Indonesia stood at $2.4 billion in 2017 as compared to $2 billion in 2016, showing an increase of 18.8 percent, he noted.

Makda said there was a huge potential for further enhancing bilateral trade relations.

"Pakistani leather manufacturers can explore Indonesian market to import cheaper skins and hides," he said, adding that the two countries can also enhance their bilateral trade by exchanging commodities whereas the Halal Food industry also holds great potential for increase in trade.

He underscored that the Karachi Chamber wants to promote business, mutual understanding and friendly relations between Pakistan and Indonesia. We also want to promote Indonesian investment in Pakistan and do everything for the development of Pakistan–Indonesia business cooperation, he emphasised. Appreciating Indonesia's constant participation in 'My Karachi Exhibition' since its inception in 2004, he invited Indonesian business community to participate in the 16th My Karachi – Oasis of Harmony Exhibition which is scheduled to be held in April 2019.
Later, speaking at a meeting of Korangi Association of Trade and Industry (KATI), Raudin Anwar said that Indonesia would export LNG to Pakistan and willing to invest in energy sector. He said many Indonesian investors are willing to establish industry for Palm oil derivative product in Pakistan.
He referred that both countries had agreed to expand bilateral trade volume.

He further said that fruit, seafood and tourism were the sectors having much potential to expand trade and bring people closer. He noted that Pakistan and Indonesia shares many industrial grounds so they can offer technological assistance to industry and training to manpower of Pakistan.

https://epaper.brecorder.com/2018/11/28/7-page/751385-news.html

G20 SUMMIT BACKS WTO REFORM AHEAD OF TRUMP, XI TRADE TALKS
Reuters Updated December 02, 2018

BUENOS AIRES: The leaders of the world's largest economic powers on Saturday backed an overhaul of the global body that regulates international trade disputes, ahead of high-stakes talks between US President Donald Trump and Chinese President Xi Jinping aimed at defusing a trade war.

The Group of 20 industrialised nations called for reforms to the crisis-stricken World Trade Organisation amid growing global trade tensions, in a final statement from a two-day gathering in Argentina.

The communique, which was finalised after delegates worked through the night on Friday, recognised trade as an important engine of global growth but made only a passing reference to "the current trade issues," without providing any details.

"We recognise the contribution that the multilateral trading system has made," the statement read. "The system is currently falling short of its objectives and there is room for improvement. We therefore support the necessary reform of the WTO to improve its functioning. We will review progress at our next Summit," it said.
The WTO is on the verge of becoming dysfunctional, just when it is most needed to fulfill its role as umpire in trade disputes and as the watchdog of global commerce.

The United States is unhappy with what it says is the WTO’s failure to hold Beijing to account for not opening up its economy as envisioned when China joined the body in 2001.

To force reform at the WTO, the United States has blocked new appointments to the world’s top trade court. The European Union is also pushing for reform at the WTO.

On climate change, the United States once again marked its differences with the rest of the G20 by reiterating in the statement its decision to withdraw from the Paris Agreement and its commitment to using all energy sources.

With the United States and China locked in growing disputes over commerce and security that have raised questions about the future of their relationship, global financial markets next week will take their lead from the outcome of talks between Trump and Xi over dinner on Saturday.

The first day of the G20 summit offered glimmers of hope for progress between Washington and Beijing despite Trumps earlier threat of new tariffs, which would increase tensions already weighing on the growth of the global economy.

This year’s summit has proved to be a major test for the G20, whose leaders first met in 2008 to help rescue the global economy from the worst financial crisis in seven decades.

Published in Dawn, December 2nd, 2018

https://www.dawn.com/news/1448897/g20-summit-backs-wto-reform-ahead-of-trump-xi-trade-talks