

INDIA PAKISTAN TRADE

THE WAY FORWARD

TRADE BALANCE

EXPORTS (US \$ Millions)	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Pakistan	340	264	259	320	255
India	1,743	1,510	1,061	1,914	1,701
TRADE STATUS					
* India	Negative List	2,710	2,052	1,938	1,209
* Pakistan	MFN	MFN	MFN	MFN	MFN
Pakistan's Share	16%	15%	20%	14%	13%

WHAT CAN PAKISTAN EXPORT TO INDIA

BARRIERS

1. Textile	High Tariff	Non Tariff
2. Agriculture & Livestock	High Tariff	Subsidies
3. Leather	Tariff	Non Tariff
4. Engineering Goods	Tariff	Non Tariff
5. Sports Goods	Tariff	Non Tariff

IMPORT TARIFF OF INDIA

No.	ITEM	H.S. Code	Customs Duty
1.	Milk Powder	04021010	60 %
2.	Towels	58021100	10 % or Rs 60/m ² , which ever is higher
3.	T-Shirts	61091000	10 % or Rs 45 per piece, which ever is higher
4.	Paper	48041100	10%
5.	Agriculture	UREA / Electricity	Subsidies

DUTIES ON PAPER BOARD & LINER FLUTING

1. Basic Duty	
(A) x Basic Duty Rate 10 %	(A) 10 + 1% = 10.01
2. CVD: Additional Duty	
(A + B) x CVD Rate 6%	(B) 6.67
3. Central Excise Edu. Cess	
(C) x Central Excise Edu Cess Rate 3%	(C) 0.20
4. Customs Education Cess	
(B + C + D) x Customs Edu. Cess Rate 3 %	(D) 0.51
5. Special CVD – Special Duty	
(A + B + C + D + E) x Spl. CVD Rate 4%	(E) 4.74
TOTAL DUTY (A + B + C + D + E)	22.21

Subsidies in Agriculture

Sr. No	Item	Price in India (Per Bag)	Price in Pakistan (Per Bag)	Difference
1	DAP	INR = 966 Rs = 1,729	Rs 4,200	Rs = 2,471
2	Urea	INR = 475 Rs = 850	Rs 1,800	Rs = 950
3	Tube well Electricity	Free in East Punjab	Rs 12 / Unit	Rs = 12

OPPORTUNITY

Indian Imports \$ 485 b

Indian Exports \$ 303 b

Trade Gap \$ 182 b

2 % share of Indian Imports = \$ 6 billion

WHAT WE NEED TO DO

- 1. Move from negative list and grant MFN Status to India**
- 2. Rationalize Tariff**
- 3. Change Mind Set**
- 4. Re Train all staff in the value chain**
- 5. Use of Technology / Electronic Trade**

REVIVE SAARC

Landmark Agreement on South Asia Free Trade Agreement (SAFTA) Signed on January 6, 2004 in Islamabad.

- * Free Trade Among Member Countries**

- * Reduce Tariff and Non Tariff**
 - . Least Developed Countries to 0 %**
 - . Developed Countries to 5%**

- * Sensitive List Provision / Safeguards**

INFRASTRUCTURE REQUIRED

- 1. Visa Liberalization**
- 2. Containerized Cargo + Dedicated Freight Trains**
- 3. Allow All Goods Through Land Routes & Open More Land Routes**
 - * Kasur → Ferozpur * Khokrapar → Munabao * Haveli Lakha → Fazilka**
- 4. Air, Train & Land Routes to be expanded**
- 5. Banking and Insurance facilities are required**
- 6. Mobile Phone Connectivity + Pak TV Channels in India**
- 7. Better Management of Trade**

INITIATIVES BY PUNJAB GOVERNMENT

- 1. Industrial Parks / Sector Clusters along the border**
- 2. Meeting Area at Borders (For SME)**
 - * Business Meetings / Seminars**
- 3. Encourage Free Exchange in Key Sectors**
 - * Agriculture & Livestock**
 - * Education & Training**
 - * Tourism & Cultural Exchange**

KEY SUCCESS FACTORS

- 1. If Common Man benefits it will build a strong constituency for trade**
- 2. Create a level playing field**
 - * Remove Tariff and Non Tariff Barriers**
 - * Free Trade Agreement between India & Pakistan**
- 3. Customs Union – Same Tariff applicable for both countries**
- 4. Common Market – Customs union + Free Movement of Production Factors**
- 5. Resolve outstanding issues**

Your sickness is from you but you do not register it

Your cure lies within you but you do not know it

Imam Ali