

## 3.0 FOREIGN TRADE

### 3.1 Trade with World

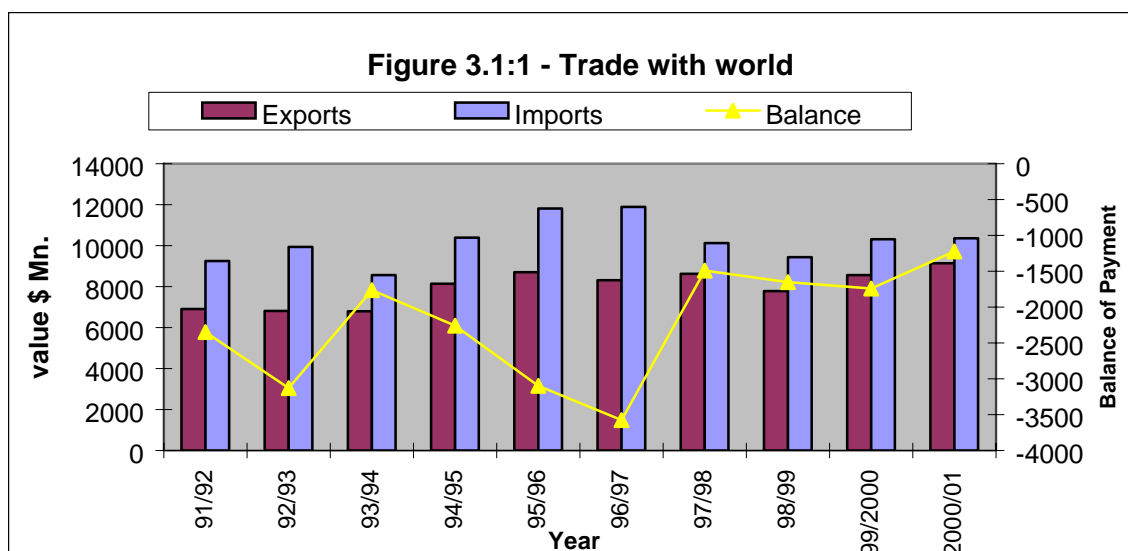
#### 3.1:1 Exports

At a very broad level, Pakistan's export growth performance over the period 1985 to 2001 compares reasonably well with the dynamic East Asian developing countries.

Nonetheless, Pakistan's share in world exports has remained small. In addition, declining prices for key exports have eroded dollar earnings. As a result Pakistan's share in global exports, since 1972-73, has not exceeded 0.2 percent. Moreover, there has been little diversification of exports both in terms of commodities exported and the direction of exports.

Except for the initial years when more than 100 percent devaluation of Pakistan rupee took place, Pakistan has been incurring balance of trade deficit of more than 3 percent of GDP a year. Pakistan's export earnings in value terms fluctuated dramatically during the last three decades (figure 3.1:1)

Value in Million \$				Growth Rates		
Year	Exports	Imports	Balance	Exports	Imports	Balance
89/90	4954.3	6934.8	-1980.5	6.3	-1.4	-16.5
90/91	6130.6	7619.0	-1488.4	23.7	9.9	-24.8
91/92	6904	9251.6	-2347.6	12.6	21.4	57.7
92/93	6813.5	9941.0	-3127.5	-1.3	7.5	33.2
93/94	6802.5	8564.4	-1761.9	-0.2	-13.8	-43.7
94/95	8137.2	10394.4	-2257.2	19.6	21.4	28.1
95/96	8707.1	11804.9	-3097.8	7	13.6	37.2
96/97	8320.3	11894.2	-3573.9	-4.4	0.8	15.4
97/98	8627.7	10118.0	-1490.3	3.7	-14.9	-58.3
98/99	7779.3	9431.7	-1652.4	-9.8	-6.8	10.9
99/2000	8568.6	10309.4	-1740.8	10.1	9.3	5.3
2000/01	9143.4	10364.6	-1221.2	6.7	0.5	-29.8



### 3.1:4 Major Import Products

Growth in imports came down sharply in the 1980s and the 1990s. During these two decades it remained just under 5 percent per year.

As far as the category-wise growth in imports is concerned, import of consumer goods almost stagnated during the 1990s. Import of consumer good, which accounted for about 20 percent of total imports during the 1970s, increased at the rate of 26.5 percent per year. Raw material for consumer goods, whose share in total imports was more than 40 percent, had the fastest growth of about 42 percent annually. The share of capital goods and raw material for capital goods remained more or less the same across the three decades.

<b>Table 3.1:2: Economic Classification of Imports</b>										
Value: million US\$                      Share: Percentage										
	FY97		FY98		FY99		FY00		FY01	
	Value	Share	Value	Share	Value	Share	Value	Share	Value	Share
Consumer goods	1,803.3	15.2	1,809.3	17.9	1,485.9	15.8	1,453.	14.1	1,536.	14.3
Raw material	5,183.6	43.6	4,527.2	44.8	4,463.8	47.3	5,558.	53.9	5,926.	55.2
Consumer goods	-3.3		-12.7		-1.4		-24.5		-6.6	
Raw material for	571.9	4.8	540.2	5.3	519.8	5.5	593.2	5.8	585.3	5.5
Capital goods	14.5		-5.5		-3.8		-14.1		-1.3	
Capital goods	4,336.0	36.5	3,239.7	32.0	2,962.2	31.4	2,705.	26.2	2,680.	25.0
<b>Total imports</b>	<b>11,894.8</b>	<b>100.0</b>	<b>10,116.4</b>	<b>100.0</b>	<b>9,431.7</b>	<b>100.0</b>	<b>10,309</b>	<b>100.0</b>	<b>10,728</b>	<b>100.0</b>

Note: Figures represent annual growth rates  
Source: Federal Bureau of Statistics

<b>Table 3.1:3: Major Imports</b>						
Million US\$						
	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>	<b>FY01</b>	<b>Absolute Change (FY01)</b>
<b>A. Food group</b>	<b>1,596.0</b>	<b>1,872.9</b>	<b>1,634.8</b>	<b>113.1</b>	<b>1,131.4</b>	<b>18.3</b>
1. Wheat un milled	477.1	709.0	407.0	283.5	15.4	-268.1
2. Tea	134.2	226.7	222.9	210.4	206.4	-4.0
3. Edible oil	611.7	767.9	824.1	413.4	327.6	-85.9
4. Sugar (incl. Raw sugar)	254.2	41.4	3.1	14.8	393.3	237.1
5. Pulses	41.9	50.4	63.7	89.6	113.0	23.4
6. Others	76.9	77.6	113.9	101.4	75.8	-25.6
<b>B. Petroleum group</b>	<b>2,255.1</b>	<b>1,572.1</b>	<b>1,463.5</b>	<b>2,804.4</b>	<b>3,360.8</b>	<b>556.5</b>
1. Petroleum crude	583.3	468.4	429.0	805.0	1,360.6	555.6
2. Petroleum	1,671.8	1,103.6	1,034.5	1,999.4	2,000.3	0.9
<b>C. Machinery group</b>	<b>2,735.4</b>	<b>1,918.6</b>	<b>1,656.7</b>	<b>1,433.6</b>	<b>1,640.0</b>	<b>206.4</b>
1. Power generating machinery	995.6	462.3	235.1	141.7	197.9	56.1
2. Textile machinery	129.7	212.0	164.0	211.0	370.2	159.2
3. Construction & mining machinery	155.0	168.0	93.7	88.4	82.5	-5.9
4. Electrical machinery & apparatus	424.9	309.4	147.9	155.0	131.6	-23.4
5. Office machinery	48.5	73.4	125.6	158.0	233.1	75.1
6. Other machinery	981.7	693.6	890.4	679.5	624.8	-54.7
<b>D. Transport equipment</b>	<b>560.0</b>	<b>483.2</b>	<b>541.3</b>	<b>564.1</b>	<b>426.2</b>	<b>-137.8</b>
<b>E. Chemical group</b>	<b>1,981.4</b>	<b>1,791.5</b>	<b>1,812.0</b>	<b>1,997.2</b>	<b>1,901.7</b>	<b>-95.5</b>
1. Fertilizer	387.3	208.0	265.1	197.6	170.5	-27.1
2. Insecticides	138.6	113.2	112.8	90.7	61.2	-29.5
3. Plastic material	326.8	303.4	310.6	332.9	354.3	21.4
4. Medical products	272.5	248.9	263.8	259.4	238.7	-20.7
5. Others	856.2	918.1	883.5	1,116.6	1,077.0	-39.6
<b>F. Miscellaneous group</b>	<b>2,766.9</b>	<b>2,478.1</b>	<b>2,323.3</b>	<b>2,397.1</b>	<b>2,268.7</b>	<b>-128.4</b>
1. Synthetic fiber	117.1	118.2	94.2	76.5	77.8	1.2
2. Iron & steel	463.9	320.5	292.8	304.5	277.9	-26.6
3. Jute	29.5	23.7	16.6	20.5	23.2	2.7
4. Paper and paper board & manufactures	128.2	121.4	113.1	117.5	125.3	7.8
5. Synthetic & artificial silk yarn	50.3	38.3	44.7	47.5	59.5	12.0
6. Iron & steel scrap	39.1	20.0	18.7	23.8	43.0	19.2
7. Aluminums wrought & worked	46.8	31.9	37.7	43.9	40.4	-3.5
8. Rubber tires & tubes	69.0	74.1	72.4	69.4	62.5	-6.9
9. Rubber crude	60.0	48.3	38.5	37.0	39.2	2.2
Others	1,762.9	1,681.7	1,594.5	1,656.3	1,519.8	-136.5
<b>Total imports</b>	<b>11,894.8</b>	<b>10,116.4</b>	<b>9,431.7</b>	<b>10,309.4</b>	<b>10,728.9</b>	<b>419.5</b>

Source: Federal Bureau of Statistics

**Essential Imports:****(1) Petroleum and Products**

Petroleum and its products constitute the single largest category of imports in Pakistan. Its share in total imports was almost one - fourth. The demand for POL Products in the country has shown steady growth since 1982 - 83.

**Growth Rates and share of Petroleum Products**

<u>Period</u>	<u>Growth Rate</u>	<u>Share in total imports</u>
1990s	11	17.12
99/2000	65.7	23.60
2000/2001	6.61	18.81
(July-May)		

One of the reasons for this increased import demand for POL products is the increase in its consumption due to establishment of a number of independent power projects engaged in power generation in the country. The reasons for big jump in import bill of POL are an increase in POL prices in the world market and devaluation of Pakistan currency.

**(II) Machinery & Transport Equipment**

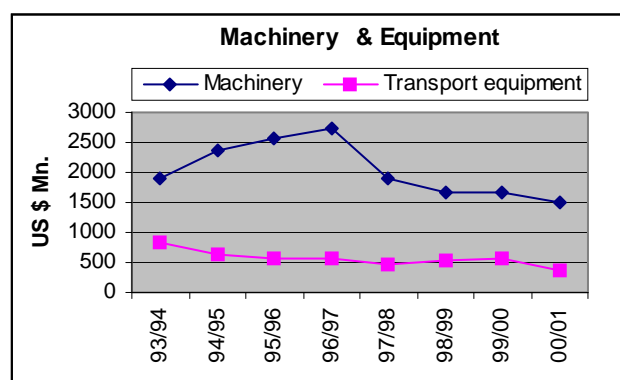
Import of machinery constituted more than 16 % of total imports in year 2000. It is registered sharp increase after the mid 1980s. During the 1990s imports of machinery followed a mixed pattern, it started to decline in early 1990s. Then began to increase in the mid - 1990s and from late 1990 s it has once again declined continuously.

Within the machinery group **textile machinery** import rose rapidly during the mid 1980s and early 1990s. However, from early 1990s textile machinery import experienced equally rapid decline. And also began to pickup once again in 2000. Similarly import of **machinery for power generation** also increased sharply in the mid 1990s. The main sources of machinery import in Pakistan are USA, Japan, China, & EU.

The index of transport equipment imports have increased sharply during 90 - 93 and from 98, once again started to pickup slowly. Japan, USA, UK & Korea were the main sources.

Table 3.1:4 Growth Rates &amp; Share

Period	Growth Rate		Share in total Imports	
	Mach.	Trans.	Mach.	Trans.
1970s	37.5	63.7	15.4	7.8
1980s	10.3	-0.1	17.8	8.3
1990s	4.6	5.6	21.0	6.8
99-00	0	4.1	16.3	5.5

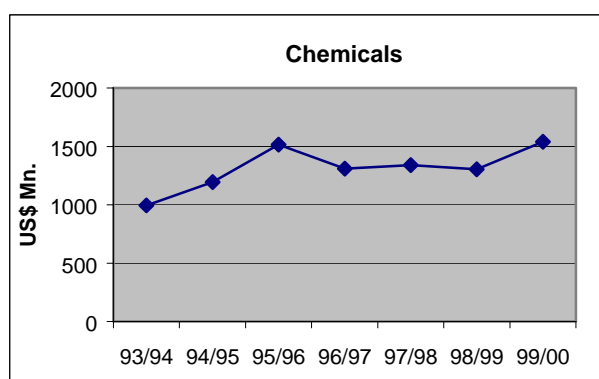


## (II) Chemicals

It is the 3<sup>rd</sup> largest items in the import list with a share of 15 % in total imports of the country. It has shown a steady rising trend. Chemicals excluding fertilizer have followed a steady rising trend from early 1980s to mid 1990s. The growth rate of chemical imports has fluctuated several times.

Table 3.1:5 Growth Rates &amp; Share

Period	Growth Rate	Share in total Imports
1970s	15.8	5.53
1980s	30.2	7.89
1990s	7.7	11.8
99-00	18.2	14.0
00-01	6.61	18.81

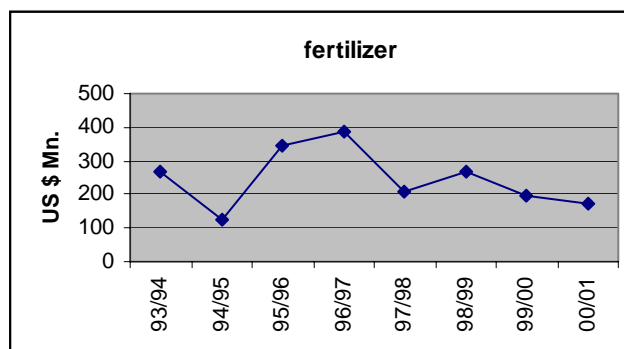


## (IV) Fertilizer

Import of fertilizer has been growing steadily during the 1980s & the 1990s, except for one unusual year 94/95; but towards the end of 1990s it again experienced declining trend.

Table 3.1:6 Growth Rates & Share

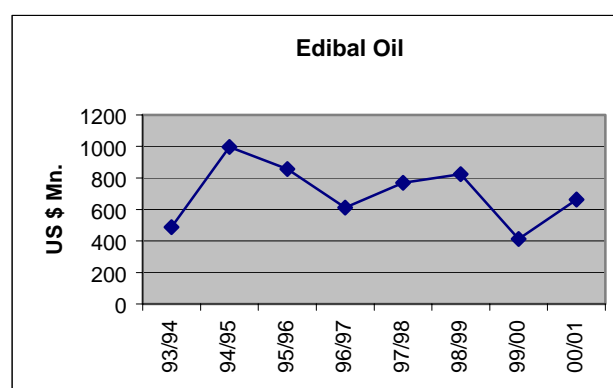
Period	Growth Rate	Share in total Imports
1970s	80.2	4.49
1980s	8.9	2.95
1990s	11.5	2.54
99-00	-25.5	1.9
00-01	-9.4	1.74

**(V) Edible Oil**

Import of Edible Oil has followed a mixed trend. Malaysia, Indonesia, Argentina and Brazil are the traditional sources of edible oiled import in Pakistan.

Table 3.1:7 Growth Rates & Share

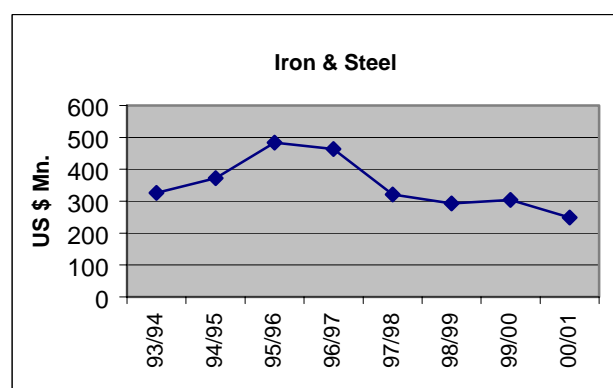
Period	Growth Rate	Share in total imports
1970s	59.8	5.35
1980s	10.6	6.07
1990s	8.1	6.25
99-00	-49.8	4.01
00-01	-12.9	2.64

**(VI) Iron & Steel**

The share of iron and steel import in total imports of Pakistan is about 3%. Japan, EU, USA and china are the main suppliers.

Table 3.1:8 Growth Rates &Share

Period	Growth Rate	Share in total Imports
1970s	21.4	8.97
1980s	308.4	4.53
1990s	130.3	3.39
99-00	4.0	3.0
00-01	-9.9	2.54



### **3.1:6 Major Trading Partners and their shares:**

#### **1) United States of America**

United States of America is the most important and single largest trading partner of Pakistan. One-fourth of Pakistan's total exports goes to US Markets. Similarly, USA has been single largest supplier of imports to Pakistan until 1998-99. In year 1999-2000 Japan has become the largest supplier of imported goods to Pakistan and USA has gone to number 2 position.

Exports to USA during the last decade have grown at a healthy rate of more than 20 percent annually. From US \$ 662.2 million in 1990-1991, Pakistan's exports to USA have gone up by more than three folds to US \$ 2123.2 million in 1999-2000. Since 1992-1993, balance of trade between the two countries has been in favour of Pakistan.

Imports from USA have generally followed a declining trend during the past 10-years, except for couple of years in the mid-1990s. Major exports to USA other than textile products include surgical goods, sports goods, carpets, and cutlery (table **3.1:9**).

**Table 3.1:9: Pattern of Bi-Lateral Trade Between Pakistan and USA**

Commodity	Exports				Imports				Commodity
	96-97	97-98	98-99	99-00	99-00	98-99	97-98	96-97	
Synthetic Fabrics	49.97	86.69	46.82	50.79	82.73	142.8	384.3	369	Weat and Muslin Un-milled
Spl. Textile fabrics & related products	10.83	14.72	13.96	17.77	16.70	16.26	21.37	24.2	Raw Cotton
Cotton Yarn	32.48	60.54	45.00	86.58	52.42	28.37	33.05	36.4	Chemical elements & Compounds
Cotton Fabrics (Woven)	140.26	192.9	158.1	186.3	11.76	15.71	20.00	23.6	Medicinal & Pharmaceutical Products
Made-up articles of textile	161.94	240.2	276.1	347.2	67.45	129.7	112.2	223.	Fertilizers Manufactured
Towels	93.52	106.7	88.25	105	105.5	30.22	38.6	45.4	Chemical Products & Materials
Carpets & Rugs	68.87	84.37	85.30	109.5	21.07	28.35	36.81	69.9	Iron & Stell Manufactures thereof
Apparel & Cloth Acess.of textiles material	630.4	691.6	717.2	905.3	133.5	171.7	308.3	416.	Machinery (of all kinds) & its parts
Hosiery	34.63	24.88	11.72	16.93	19.87	10.49	6.162	8.43	Railway Vehicles
Article of Apparel other than textile	41.36	40.63	51.95	65.9	23.21	43.75	45.61	39.5	Air Crafts & Parts
Medical, Surgical Instruments	53.27	55.11	41.33	43.86	3.574	2.685	3.684	4.15	Medical, Surgical Instruments
Sports Goods & Toys etc.	56.7	68.85	54.70	63.53	16.79	7.06	9.728	15.9	Measuring Checking & Controlling Instruments
Others	99.94	105.3	105.1	124.5	91.98	98.41	117.0	156.	Others
Total Exports	1474.3	1773.	1695.	2123.	646.5	725.5	1136.	1431	Total Imports
<b>Share in Total Exports</b>	<b>17.7</b>	<b>20.5</b>	<b>21.8</b>	<b>24.8</b>	<b>6.3</b>	<b>7.7</b>	<b>11.2</b>	<b>12.0</b>	<b>Share in Total Imports</b>

Value in US \$ million

Source: Pakistan Trade Review 2000.

## 2) United Kingdom

Within Europe, UK is the single largest trading partner of Pakistan. The balance of trade between the two countries has mostly remained in favor of Pakistan during the last decade. Pakistan's exports have followed a rising trend during this period with an average annual growth rate of more than 3 percent. Over the fiscal year 1998-1999 exports to UK increased by more than 12 percent during 1999-2000.

Major exports to UK from Pakistan comprise mostly of textile products, namely, cotton fabric, synthetic fabric, made-up articles of textile, readymade garments. Other notable items include fish and fish preparations, rice, molasses and sports goods. Made-up articles of textile material is at the top of the list of items exported to UK.

Imports from UK to Pakistan on the other hand, have followed a mixed trend - rising in one year and falling in another – during the last decade (1990-2000). However, over the last four years (1997-2000) UK exports to Pakistan have consistently declined. The single largest item on import list form than one-third of total imports from UK. Other notable items include; chemicals, pharmaceuticals, and iron and steel has also gone down drastically during the last four years (1997-2000) from US \$ 245.4 million in fact almost all the items imported from UK have experienced a declining trend in the recent past.

**Table 3.1:10: Pattern of Bi-Lateral Trade Between Pakistan and UK**

Sl. No	Commodity	Exports				Imports				Commodity
		96-97	97-98	98-99	99-00	99-00	98-99	97-98	96-97	
1	Fish & fish preparation	21.6	38.6	15.8	22.9	0.17	0.00	2.83	11.3	Sugar Raw and refined
2	Rice (all sorts)	5.48	13.7	20.0	18.2	21.5	19.5	18.0	50.9	Chemical elements & compounds
3	Molasses	8.68	11.0	11.6	22.5	32.1	42.8	35.0	28.5	Medicinal & Pharmaceutical products
4	Cotton Fabrics (Woven)	78.0	77.1	55.3	56.0	11.0	23.2			Fertilizers Manufactured
5	Synthetic Fabrics	85.4	82.0	55.2	51.7	42.5	37.1	51.6	49.4	Chemical Materials and products
6	Made-up articles of textile material	82.8	81.3	107.	125.	11.4	19.2	12.5	22.9	Iron & Steel & Manufactures thereof
7	Articles of Apparel Clothing accessories	109.	106.	98.7	111.	131.	133.	138.	245.	Machinery (all sorts) and its parts
8	Article of Apparel other than textile	62.7	49.2	41.6	42.5	4.71	4.79	4.87	15.0	Road Vehicles and their parts
9	Sports Goods	27.4	29.2	23.3	23.1	4.71	4.79	4.87	15.0	Aircraft, equipment and parts
10	Others	114.	104.	87.3	106.	960	126.	143.	159.	Others
	Total exports	596.	592.	516.	579.	356.	410.	411.	597.	Total imports
	<b>Share in Total Exports</b>	<b>7.2</b>	<b>6.9</b>	<b>6.6</b>	<b>6.8</b>	<b>3.4</b>	<b>4.3</b>	<b>4.1</b>	<b>5.0</b>	<b>Share in Total Imports</b>

Value in US \$ million

Source: Pakistan Trade Review 2000.

### 3) Germany

Germany is another important trading partner of Pakistan in the European region, catering for more than 6 percent of Pakistan's total exports and meeting more than 5 percent of Pakistan's import needs. During the last decade, the balance of trade has remained in favor of Germany in the first 7 years of the 1990s. However, during the last three years (1998-2000) the trade balance has tilted in favor of Pakistan. This shift in trade balance is mainly due to falling imports from Germany during the second half of the 1990s. Imports from Germany have gone down by more than 40 percent in last 5 years. Exports to Germany from Pakistan also declined during this period but the fall in exports is slower than the fall in imports thereby causing a shift in the balance of trade between the two countries in favor of Pakistan.

Commodity composition of exports to Germany indicated that textile products once again dominate the list of items exported to Germany. Within textile group readymade garments accounts for more than 28 percent of total exports to Germany. This is despite the fact that readymade garment exports to Germany has declined by more than 20 percent in last 4 years (table **3.1:11**).

On the other hand fruits & vegetables, surgical goods, and petroleum products export registered positive growth during 1997-2000. As far as the composition of imports from Germany are concerned, import of machinery (all sort), like in case of USA and UK, top the list with import value of US \$ 128.3 million in 1999-2000.

However, over the last 4 –year period, import of machinery from Germany has gone down by more than 60 percent. Other notable imports from Germany include iron & steel and their manufacture, chemical elements, pharmaceuticals – all experiencing declining trend over the last 4 – year period.

**Table 3.1:11: Pattern of Bi-Lateral Trade Between Pakistan and Germany**

Sl. No	Commodity	Exports				Imports				Commodity
		96-97	97-98	98-99	99-00	99-00	98-99	97-98	96-97	
1	Leather	26.9	23.2	24.4	20.5	20.4	1.01	-	-	Oil seeds and oleaginous fruits
2	Cotton Fabrics (Woven)	31.7	30.9	24.5	24.4	31.8	29.3	34.6	41.7	Chemical elements and compounds
3	Made-up Articles of textile	88.8	76.6	89.8	83.8	14.0	14.8	20.3	22.9	Dying, tanning & coloring materials
4	Towels	16.0	12.9	14.8	12.1	32.9	31.7	27.4	33.6	Medical & Pharmaceutical Products
5	Carpets & Rugs	29.3	30.9	31.1	38.9	41.8	43.4	50.8	35.6	Chemical material and products
6	Clothing & textile fabrics	184.	146.	139.	144.	8.73	8.02	12.2	11.9	Paper & Paper board and article thereof
7	Hosiery	16.2	10.5	12.8	12.4	36.2	32.7	54.5	56.1	Iron and Steel Manufacture thereof
8	Articles of apparel & clothing aces. of material other than textile	81.0	62.5	62.9	56.7	7.42	5.67	12.4	13.3	Manufacture and non-ferrous metals
9	Medical /Surgical Instrument	18.4	16.1	18.9	19.3	128.	132.	232.	353.	Machinery (of all kinds) and its parts
10	Sports Goods Toys etc.	51.2	55.2	33.4	34.5	31.4	1.20	0.00	0.34	Ships and Boats
11	Others	80.4	74.8	61.4	65.9	70.1	86.3	77.3	102.	Others
12	Total exports	624.	539.	513.	513.	423.	389.	522.	670.	Total imports
	<b>Share in Total Exports</b>	<b>7.5</b>	<b>6.3</b>	<b>6.6</b>	<b>6.0</b>	<b>4.1</b>	<b>4.1</b>	<b>5.2</b>	<b>5.6</b>	<b>Share in Total Imports</b>

Value in US \$ million

Source: Pakistan Trade Review 2000.

#### 4) **Japan**

Japan is one of the important suppliers of imports to Pakistan. The trade balance between the two countries has always been in favor of Japan. During the first half of the 1990s imports from Japan followed a rising trend in general, however, they declined consistently in the later half of the 1990s. Imports from Japan reduced by almost one-half from US \$ 1262.6 million in 1995-1996 to US \$ 650.5 million in 1999-2000.

Major imports from Japan include road vehicles, machinery (all sorts), iron & steel and their manufactures, chemical elements and chemical materials. All these items registered a negative growth over the past 4 years. Import of road vehicles – the single largest item imported from Japan – came down by more than 22 percent in last 4 years.

With regard to export to Japan from Pakistan, cotton yarn has traditionally been the major item. Due to imposition of anti-dumping duties by Japan in recent years, yarn export to Japan declined sharply.

However, anti-dumping duty imposed on Pakistani yarn has now been lifted. Other important exports to Japan include cotton fabric which is down by more than one-half from US \$ 55.3 million in 1996-1997 to US \$ 25.38 million in 1999-2000.

#### 5) **Hong Kong**

Hong Kong is one of the major trading partners of Pakistan in Asia, particularly in terms of exports. Import from Hong Kong has always been nominal under US \$ 50 million. During the past decade export to Hong Kong fluctuated during the first half of the 1990s, but from 1995-1996 they have consistently declined quite sharply.

During the second half of the 1990s export to Hong Kong dropped from US \$ 782.2 million in 1995-1996 to US \$ 329 million in 1999-2000. A decline of about 58 percent in 5 years. Cotton yarn, like in case of Japan top of the list of items exported to Hong Kong.

**Table 3.1:12 Pattern of Bi-Lateral Trade Between Pakistan and Japan**

Commodity	Exports				Imports				Commodity
	96-97	97-98	98-99	99-00	99-00	98-99	97-98	96-97	
Fish & Fish Preparation	25.8	22.2	18.7	19.7	35.9	45.7	78.4	50.1	Chemical elements and compound
Leather	16.6	11.3	6.43	6.74	22.4	19.8	23.7	29.6	Chemical material and products
Cotton Tarn	290.	220.	168.	151.	46.2	50.5	56.8	81.2	Iron and Steel Manufacture thereof
Cotton Fabrics (Woven)	55.3	31.2	25.2	25.4	173.	298.	242.	409.	Machinery (of all kinds) and its parts
Clothing & textile fabrics	4.33	7.85	4.77	7.69	246.	253.	265.	318.	Road Vehicles and their parts
Articles of apparel other than textile	5.86	3.02	3.09	6.17	17.7	5.08	10.5	1.55	Railway Vehicles
Sports Goods Toys etc.	5.15	5.25	5.76	4.80	17.2	14.5	14.3	10.6	Photographic equipment & supplies
Others	75.7	58.9	39.5	45.6	92.7	99.6	103.	127.	Others
Total exports	478.	360.	271.	267.	650.	786	794.	1026	Total imports
<b>Share in Total Exports</b>	<b>5.7</b>	<b>4.2</b>	<b>3.5</b>	<b>3.1</b>	<b>6.3</b>	<b>8.3</b>	<b>7.8</b>	<b>8.6</b>	<b>Share in Total Imports</b>

**Table 3.1:13 Pattern of Bi-Lateral Trade Between Pakistan and Hong Kong**

Sl. No	Commodity	Exports				Imports				Commodity
		96-97	97-98	98-99	99-00	99-00	98-99	97-98	96-97	
1	Yarn and thread of synthetic fibres	4.6	6.3	7.2	8.9	2.6	1.5	-	-	Air craft and associated equipment
2	Leather	33.	41.	36.	29.	3.4	3.8	4.4	4.4	Chemical materials and products
3	Cotton Yarn	459	304	262	284	14.	14.	14.	7.6	Machinery (of all kinds) & its parts
4	Cotton Fabrics (Woven)	234.	187.	203.	161.	3.25	3.93	4.18	3.50	Watches and Clocks
5	Sports Goods, Toys, etc.	10.6	19.7	1.88	3.34	2.35	2.20	2.44	2.62	Misc. Manufactured articles n.e.s.
6	Others	38.	52.	39.	38.7	24.3	28.8	19.5	23.1	Others
7	Total exports	779.	610.	549.	525	49.8	54.6	44.9	41.3	Total imports
	<b>Share in Total Exports</b>	<b>9.36</b>	<b>7.07</b>	<b>7.06</b>	<b>6.13</b>	<b>0.48</b>	<b>0.58</b>	<b>0.44</b>	<b>0.35</b>	<b>Share in Total Imports</b>

Value in US \$ million

Source: Pakistan Trade Review 2000.

### 3.1:6 Major Suppliers

Saudi Arabia 11.7%, Kuwait 9%, Japan 5.4%, US 5.3%, Malaysia 4% (FY 01)

### 3.1:7 Developed & developing country suppliers & their Shares

Table 3.1:14: Imports by Major Countries (% share)

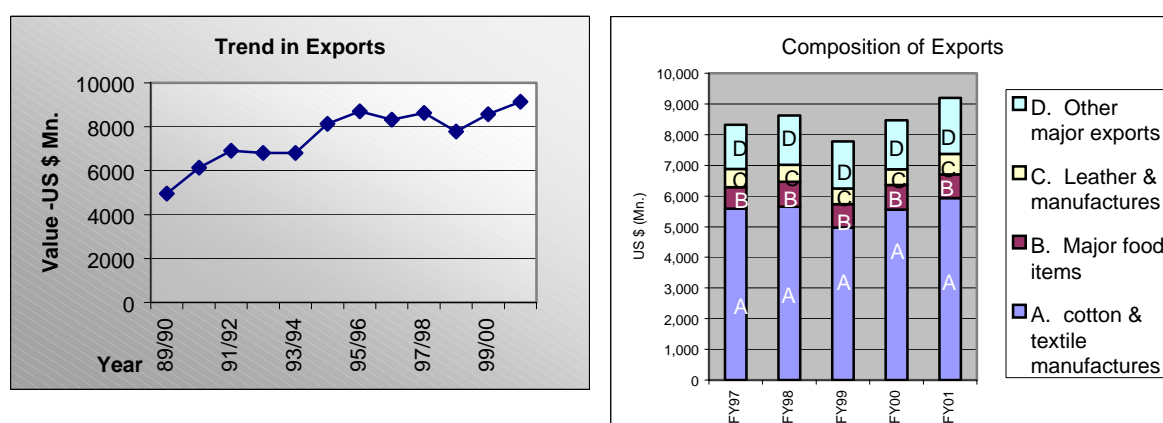
Country	95/96	96/97	97/98	98/99	99/00	00/01
USA	8.9	12.0	11.2	7.7	6.3	5.3
Japan	10.7	8.6	7.8	8.3	6.3	5.4
Germany	5.8	5.6	5.2	4.1	4.1	3.6
Saudi Arabia	5.9	6.0	6.7	6.8	9.0	11.7
Kuwait	6.4	6.9	5.5	5.9	12.0	9.0
UK	4.4	5.0	4.1	4.3	3.4	3.3
Malaysia	7.2	4.7	7.1	6.7	4.3	4.0
Italy	3.4	3.4	2.3	2.8	1.7	1.7
Australia	2.1	2.2	4.0	3.0	3.6	2.1
Canada	0.9	0.5	1.2	0.7	0.8	0.7
Iran	1.5	2.4	1.6	0.8	1.3	3.5
Abu Dhabi	0.9	0.8	0.6	0.2	-	
China	4.6	4.6	5.1	4.6	4.6	4.9
Switzerland	4.7	2.0	3.1	3.8	3.4	2.2
South Korea	2.8	2.5	3.6	3.6	3.4	3.3
Netherlands	1.6	1.8	1.3	1.6	1.4	1.6
France	1.9	1.9	1.9	1.9	2.2	1.4
Singapore	1.7	1.6	2.2	3.4	2.6	3.0
Kenya	1.0	0.8	1.3	1.7	1.5	
Indonesia	1.1	1.4	1.9	2.3	1.7	1.5
Sri Lanka			.376	.342	.336	.329
Others	22.5	25.3	21.9	25.5	26.0	31.5
Total	100.	100.	100.	100.	100.	100.

### 3.1:8 Major export products:

Textiles (garments, cotton cloth, and yarn), rice, other agricultural products

#### Trend in Exports

The rise in exports was attributed to the higher exports of the primary commodities group (food items) textile manufactures group & other manufactures group. But exports under category 'others' registered a decline of 7.7 percent.



Moving ahead, the Trade policy for FY02 has set the export target at US\$ 10.1 billion with a continuing emphasis on: (1) greater value addition, (2) diversification of products and markets, (3) rectifying any anti-export bias, and (4) improving the export culture. In addition to traditional exports, the emphasis has been placed on ceramics, engineering and chemicals. In order to achieve these objectives, various incentives have been provided, which include the Foreign Currency Export Finance Facility (FCEFF), the political risk guarantee facility, withdrawal of the export development surcharges, permission to retain 50 percent of additional export revenues in foreign currency accounts, and the establishment of specific groups to encourage exports of rice, engineering, horticulture, plastics and leather.

<b>Table 3.1:15 Major Exports</b>						
Millions US\$						
	FY97	FY98	FY99	FY00	FY01	% Share
<b>A. Cotton &amp; textile manufactures</b>	<b>5585.5</b>	<b>5648.0</b>	<b>4975.6</b>	<b>5660.7</b>	<b>5930.2</b>	64.45
1. Raw cotton	30.7	126.1	2.3	72.6	1.51	1.51
2. Textile manufactures	<b>5554.8</b>	<b>5521.9</b>	<b>4973.3</b>	<b>5588.1</b>	62.93	62.93
Cotton yarn	1,411.6	1,159.4	945.2	1,071.6	11.67	11.67
Cotton fabrics-woven	1,262.4	1,250.1	1,115.2	1,096.2	11.22	11.22
Synthetic textiles	512.2	617.9	398.7	457.6	5.92	5.92
Hosiery (knitwear)	688.9	696.6	742.2	886.7	9.90	9.90
Bed ware	456.3	508.7	611.0	709.9	8.10	8.10
Towels	194.1	200.0	177.7	195.6	2.63	2.63
Cotton bags & sacks	27.6	23.1	20.8	19.2	0.21	0.21
Readymade garments	736.4	746.4	651.2	771.7	8.99	8.99
Tarpaulin & other canvas	36.2	58.1	40.8	52.9	49.2	0.53
Others	228.9	261.4	270.7	326.5	8.99	3.77
<b>B. Major food items</b>	<b>698.1</b>	<b>817.6</b>	<b>759.8</b>	<b>801.7</b>	0.53	8.46
1. Rice	468.6	562.4	533.6	3.77	5.71	5.71
2. Fish & fish products	149.1	171.6	122.6	138.9	8.46	1.50
3. Fruits	70.7	64.3	55.5	79.9	0.86	0.86
4. Vegetables incl. Roots	9.7	19.3	48.1	43.3	36.9	0.40
<b>C. Leather &amp; manufactures</b>	<b>603.7</b>	<b>551.2</b>	<b>511.6</b>	<b>513.8</b>	7.16	7.16
1. Leather	239.6	207.8	177.3	175.2	2.53	2.53
2. Leather manufactures	364.0	343.4	334.3	338.7	4.62	4.62
<b>D. Other major exports</b>	<b>1,433.4</b>	<b>1,609.9</b>	<b>1,532.3</b>	<b>1,592.4</b>	19.93	19.93
1. Sports goods	308.8	383.5	256.2	279.2	2.94	2.94
2. Carpets & carpeting rugs	199.1	200.1	202.6	264.3	3.14	3.14
3. surgical & medical instru.	125.8	125.3	111.6	120.1	1.35	1.35
4. Petroleum & petro.produ.	81.6	35.6	47.4	81.9	183.9	2.00
5. Chemicals and Pharmaceuticals	48.3	55.8	49.3	100.0	156.9	1.71
6. Cutlery	19.9	17.6	18.0	22.9	0.29	0.29
7. Onyx manufactured	11.8	10.9	5.9	10.0	0.45	0.13
8. Molasses	51.0	59.1	39.4	42.5	0.45	0.45
9. Foot wear incl. Leather	51.5	43.0	35.0	37.2	0.46	0.46
10. Guar and guar products	32.3	32.3	32.9	36.0	0.22	0.22
11. Crude animal material	23.9	20.4	17.0	15.8	0.17	0.17
12. Oil seeds & nuts etc.	7.7	10.9	10.9	4.9	0.13	0.13
13. Others	471.7	615.3	706.2	577.7	6.95	6.95
<b>Total exports</b>	<b>8,320.7</b>	<b>8,626.7</b>	<b>7,779.3</b>	<b>8,568.6</b>	100.00	100.00
Memorandum						
cotton based products	4813.7	4642.5	4,303.9	4,803.9	4899.0	
<i>Source: Federal Bureau of Statistics</i>						

**3.1:10 Pakistan's Major Export Markets:**

US 24%, Hong Kong 5.5%, UK 6%, Germany 5%, UAE 7% (FY00/01)

Table **3.1:16** Developed and Developing Country Analysis

	<b>Growth over</b>		<b>Share</b>	
	<b>Year2000</b>	<b>98/99</b>	<b>99/00</b>	<b>00/01</b>
<b>North America</b>	<b>5.3</b>	<b>21.8</b>	<b>24.8</b>	<b>26.4</b>
USA	5.8			24.4
<b>Central America</b>	<b>6.9</b>			<b>0.8</b>
<b>South America</b>	<b>14.0</b>			<b>1.2</b>
<b>Western Europe</b>	<b>-1.1</b>			<b>26.9</b>
E.C	-0.6			26.3
France	-6.0	3.1	3.3	2.9
Germany	-3.4	6.6	6.6	5.4
Italy	10.1	2.7	2.4	2.5
Netherlands	1.8	3.1	2.7	2.5
UK	-0.6	6.6	6.8	6.3
<b>Eastern Europe</b>	<b>6.4</b>			<b>0.9</b>
<b>Africa</b>	<b>18.3</b>			<b>5.3</b>
<b>Asia</b>	<b>14.9</b>			<b>36.9</b>
Sri Lanka	-28.3	1.2	1.1	0.82
Middle east	26.3			14.5
UAE	27.1			6.8
Dubai	26.0	5.4	5.7	6.7
Saudi Arabia	27.1	2.4	2.5	3.0
China	68.1	1.9	2.1	3.3
Hong Kong	-3.9	7.1	6.1	5.5
Japan	-27.6	3.5	3.1	2.1
South Korea	13.4	2.5	2.9	3.0
<b>Oceania</b>	<b>0.4</b>			<b>1.6</b>
<b>Total exports</b>	<b>7.4</b>			

Source: S.B.P/FBS

### Share in National Exports

The following table presents shares of each commodity in total exports of Pakistan and global exports of each commodity in total world exports.

Table 3.1:17 Share & Growth Rates of Major Exports from Pakistan.

Commodities	Trend growth Rate (1973-2000) %		Share in Exports (1999-2000) %		Growth Rate	Share in World's Exp
	Pakistan	World	Pakistan	World		
Raw cotton	4.86	0.31	0.8	3.1	M	L
Rice	6.91	6.78	6.3	1.1	M	L
Fish	8.46	12.51	1.6	11.3	M	H
Cotton yarn	10.6	5.4	12.5	1.2	H	L
Cotton fabrics	6.12	8.02	12.8	7.3	M	M
Made ups	23.01	12.64	13.2	12.6	H	H
Readymade garments	20.27	17.12	19.0	19.3	H	H
Synthetic Textiles	14.46	8.21	5.3	26.4	H	H
Carpets &Rugs	4.9	3.71	3.1	4.2	L	L
Leather products	6.08	4.23	6.0	3.0	M	L
Medical instru.	12.18	14.11	1.4	2.8	H	L
Sports goods	11.96	14.74	3.3	7.6	H	M

H- High

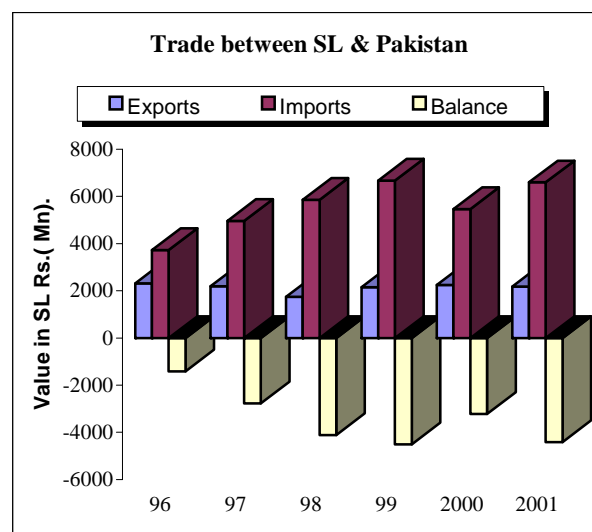
M-Medium

L-Low

Source: *Pakistan Trade Review-99/2000.*

### 3.2 Trade with Sri Lanka

The trade balance between the two countries has always been in favor of Pakistan. Sri Lanka exports to Pakistan have decreased by Sri Lanka Rs. 65 million during year 2001, compared to SL Rs. 2249 million exports in year 2000. On the other hand imports from Pakistan have followed an increasing trend during last decade other than the special year 2000.



After India, Pakistan is the second largest trading partner in the SAARC region in terms of total trade. In that sense Pakistan has been one of Sri Lanka's important trading partners & the value of total trade between the two countries, which stood at SLRs 4372.5 Mn in 1991, has increased to SL Rs 8781.1 Mn in 2001. That is only a 2-fold increase for the last 10-year period.

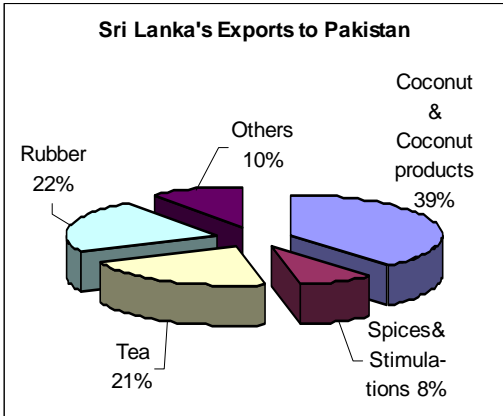
**Table 3.2:1 Total Export Values, Total Import Values& balance of trade**

Year	Trade with Pakistan & % of World Trade				Growth Rate %		
	Exports	%	Imports	%	Exports	Imports	Balance
1991	1321.95		3050.6				
1992	1251.49		2891.6		-5.63	-5.5	57.5
1993	1712.69		2670.4		26.93	-8.28	5.39
1994	2138.44		2999.5		19.91	10.97	71.26
1995	2214.05		2685.8		3.41	-11.68	11.22
1996	2317.11		3731.9		4.45	28.03	-66.05
1997	2195.43	0.81	4965.6	1.49	-5.54	24.84	-48.93
1998	1739.51	0.57	5854.2	1.59	-26.21	15.18	-32.68
1999	2155.37	0.68	6667.2	1.76	19.29	12.19	-8.80
2000	2249.18	0.56	5468.8	1.15	4.17	-21.91	40.14
2001	2184.59	0.53	6596.6	1.36	-2.96	17.10	-27.03

Source: EDB, Dept of Commerce

Value in million Rupees (SL)

### 3.2:4 Major export products & their Volumes and values from Sri Lanka

<p>Sri Lanka exports to Pakistan are highly concentrated in few items namely, copra, Tea, Natural Rubber &amp; Coconuts.</p> <p>These categories of exports on average accounted for over 64 percent of the total exports in last five years. Among these categories, copra alone contributed 27 percent &amp; it is 21 percent for Tea. Such a high degree of concentration of exports in few items has led to instability in export earnings.</p>	 <p><b>Sri Lanka's Exports to Pakistan</b></p> <table border="1"> <thead> <tr> <th>Product</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Coconut &amp; Coconut products</td> <td>39%</td> </tr> <tr> <td>Rubber</td> <td>22%</td> </tr> <tr> <td>Tea</td> <td>21%</td> </tr> <tr> <td>Spices &amp; Stimulations</td> <td>8%</td> </tr> <tr> <td>Others</td> <td>10%</td> </tr> </tbody> </table>	Product	Percentage	Coconut & Coconut products	39%	Rubber	22%	Tea	21%	Spices & Stimulations	8%	Others	10%
Product	Percentage												
Coconut & Coconut products	39%												
Rubber	22%												
Tea	21%												
Spices & Stimulations	8%												
Others	10%												

### Major Sri Lankan Exports to Pakistan-year 2001

Product	<u>% share of</u> SL exports	Product	<u>% share of</u> SL exports
<b>Coconut and Coconut products</b>	<b>39.41</b>	<b>Rubber and Rubber Products</b>	<b>21.03</b>
❖ Copra	27.74	❖ RSS	11.55
❖ Desiccated coconut	4.41	❖ Crape	8.38
❖ Fresh Coconut	3.82	❖ Other	1.7
❖ Coconut Ekels	2.07	<b>Spices &amp; Stimulants</b>	<b>8.7</b>
❖ Defatted coconut	0.21	❖ Betel leaves	5.39
❖ Coir Fibre	0.18	❖ Nutmeg	1.05
❖ Coir Yarn	0.98	❖ Tamarind	1.64
<b>Tea (Black Tea)</b>	<b>20.76</b>	❖ Mace	0.62
		<b>Others</b>	<b>9.5</b>

❖ Further information refer: **Annex: 1.1:**Major Export Products & their shares

### 3.2:5 Major import products & Volumes and values to Sri Lanka

#### Shares of Major Import Products in 2001

• Woven fabrics of cotton	27.5
• Fish	18.2
• Potatoes	8.3
• Rice	7.8
• Onions	7.3
• Railway or tramway goods	3.8
• Medicaments	3.6
• Leather	1.7
• Citrus fruits	1.5
• Others	38.5

- ❖ Please refer **Annex 1.2** (Major Import Products & their Shares) for further information.

### 3.2:7 Other Potential Export products from Sri Lanka

According to the BOI (SL) classification, potential exports in to Pakistan are as follows.

❖ Areca nuts	❖ Compact fluorescent Lamps
❖ Vegetable Products	❖ Mercury lamps
❖ Protein Concentrates	❖ Electric ceiling/wall lighting fittings
❖ Sauces & Sauce Preparations	❖ Switch boards
❖ Chocolates	❖ Wires & cables
❖ Fruit Juices	❖ Printed circuits
❖ Herbal Products	❖ Multi- meters
❖ Paints & Vanishes	❖ Telecommunication apparatus/parts
❖ Papain	❖ Transformers/Spare parts
❖ Soap (in bars)	❖ Antennas
❖ Activated carbon	
❖ Plastic Articles	❖ Wooden items
❖ Tyres(busses/lorries)	❖ Furniture (wooden, metal)
	❖ Trunks, suit cases
❖ Jewellery (imitation)	❖ Bicycles/tricycles
❖ Ceramic table ware	
❖ Aluminum structures	❖ Machinery spare parts (e.g. textile)
	❖ Blankets (synthetic fibre)
	❖ Buttons

### 3.2:8 Trade Agreements

- ❖ SAPTA (South Asian Preferential Trading Arrangement)
- ❖ Proposed Free Trade Agreement Between Sri Lanka & Pakistan

The draft is almost finalized, but the schedules (annexure) are yet to be finalized.

The annexure include the non- concession list, 100 percent duty concession list & the residual lists.

### Trade fairs Exhibitions & Missions: Refer Annex No.3

#### 3.2:9 past market development activities by Sri Lanka in the target market

##### By Export Development Board

- ❖ Market study on Agricultural products in Pakistan market during 1998.
- ❖ Trial shipment of Pineapples by sea in reefer containers.
- ❖ 3<sup>rd</sup> SAARC Trade Fair in Karachi, Pakistan in 2001.

EDB organized participation of a private and public sector companies at this Trade Fair.

- ❖ Trade & Investment delegation from Pakistan in 2002.

Eleven Pakistan companies visited Sri Lanka during September 2002. EDB arranged meetings for this delegation with about 50 Sri Lankan companies.