INDIA PAKISTAN TRADE

THE WAY FORWARD
## TRADE BALANCE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>( US $ Millions )</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>340</td>
<td>264</td>
<td>259</td>
<td>320</td>
<td>255</td>
</tr>
<tr>
<td>India</td>
<td>1,743</td>
<td>1,510</td>
<td>1,061</td>
<td>1,914</td>
<td>1,701</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>* India</td>
<td>Negative List</td>
<td>2,710</td>
<td>2,052</td>
<td>1,938</td>
<td>1,209</td>
<td></td>
</tr>
<tr>
<td>* Pakistan</td>
<td>MFN</td>
<td>MFN</td>
<td>MFN</td>
<td>MFN</td>
<td>MFN</td>
<td>MFN</td>
</tr>
</tbody>
</table>

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan’s Share</td>
<td>16%</td>
<td>15%</td>
<td>20%</td>
<td>14%</td>
<td>13%</td>
<td></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>No.</th>
<th>ITEM</th>
<th>H.S. Code</th>
<th>Customs Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Milk Powder</td>
<td>04021010</td>
<td>60 %</td>
</tr>
<tr>
<td>2.</td>
<td>Towels</td>
<td>58021100</td>
<td>10 % or Rs 60/m², which ever is higher</td>
</tr>
<tr>
<td>3.</td>
<td>T-Shirts</td>
<td>61091000</td>
<td>10 % or Rs 45 per piece, which ever is higher</td>
</tr>
<tr>
<td>4.</td>
<td>Paper</td>
<td>48041100</td>
<td>10%</td>
</tr>
<tr>
<td>5.</td>
<td>Agriculture</td>
<td>UREA / Electricity</td>
<td>Subsidies</td>
</tr>
</tbody>
</table>
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

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