

Enhancing India-Pakistan Trade

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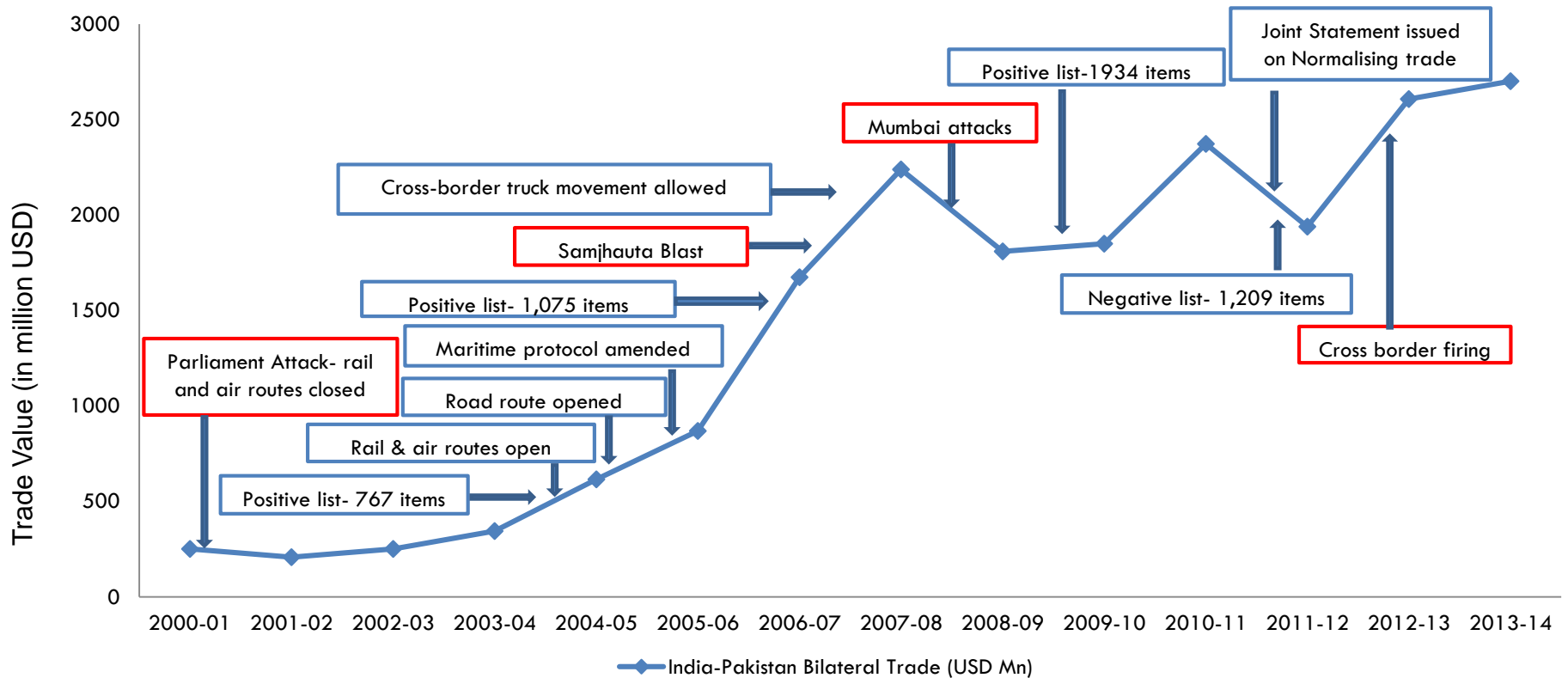
Key Developments

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- Current Status
- Export of natural gas from India to Pakistan
Countries reached an agreement on gas pricing.
- Custom duty exemption of 5% on re-gasified LNG supply to Pakistan
- Electricity Trade
Agreement reached for Pakistan to purchase 1200MW of power from India, March'14.
- SAARC Framework Agreement for Energy Cooperation (Electricity)
MoU signed at the SAARC summit 2014 between the member states for greater cooperation in the power sector.

India Pakistan bilateral trade

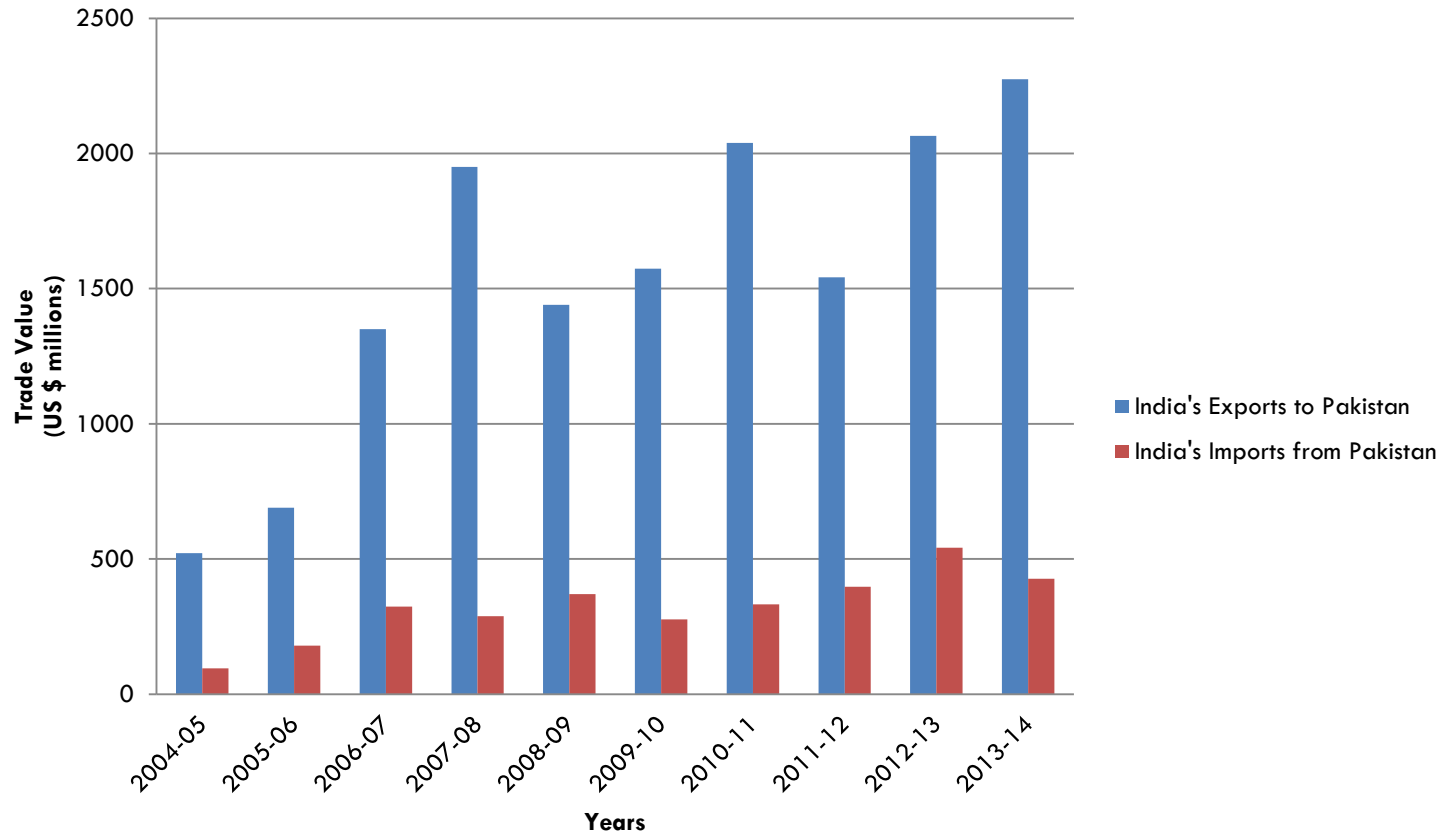
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Source: Ministry of Commerce DGFT Export-Import Databank; Taneja et al.(2011a)

India Pakistan bilateral trade

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Source: Calculations done using trade data from Ministry of Commerce
DGFT Export-Import Databank

Key Questions

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- Since the change in Pakistan's import policy in 2012, has there been trade of any new items?
- Were the new exports traded informally between the two countries previously?
- Are any items from the negative list being traded?
- Which modes are these new exports being traded through?

Trade in 2012-13 and 2013-14

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Year	Exports to Pakistan (a)	Imports from Pakistan (b)	Total Trade (a) + (b)	Trade Balance (a) – (b)	Export-Import Ratio (a)/(b)
2011-12	1541.5	397.6	1939.1	1143.9	3.8
2012-13	2064.7	541.8	2606.5	1522.9	3.8
2013-14	2274.2	426.8	2701	1847.4	5.3

Source: Calculations done using trade data from Ministry of Commerce DGFT Export-Import Databank. **All figures in US \$ millions.**

21 sector classification of exports

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Sector description	Share of sector in total exports	
	2012-13	2013-14
Textiles	33.4%	29.7%
Products of chemical & allied industries	18.6%	18.7%
Vegetable products	16.9%	17.6%
Prepared foodstuffs	15.9%	15.4%
Plastics	7.3%	9.8%
Base metals	0.05%	2.11%
Live animals	0.9%	1.8%
Mineral products	1.8%	1.6%
Natural pearls, precious stones, imitation jewellery	0.7%	1.1%
Miscellaneous manufactured articles	0.4%	0.3%

Source: Based on Data from Ministry of Commerce DGFT Export-Import Databank



Top 4 sectors of exports from Pakistan.

Top 10 export items (2012-13 and 2013-14)

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Top Indian exports to Pakistan (2012-13)		
HS Codes	Product Description	Share of item in total exports
520100	Cotton, not carded or combed	19%
230400	Soyabean meal residue	14%
290243	P-xylene	7%
540710	Woven fabrics of nylon or polyesters	4%
070200	Tomatoes fresh or chilled	4%
390210	Polypropylene	3%
071320	Chickpeas	3%
090240	Tea	2%
550410	Viscose rayon staple fibres	2%
401120	Tyres used on buses/lorries	1%

Top Indian exports to Pakistan (2013-14)		
HS Codes	Product Description	Share of item in total exports
520100	Cotton, not carded or combed	15%
230400	Soyabean meal residue	13%
290243	P- xylene	6%
070200	Tomatoes fresh or chilled	5%
390210	Polypropylene	5%
540710	Woven fabrics of nylon or polyesters	4%
071320	Chickpeas	3%
401120	Tyres used on buses/lorries	1%
520527	Single yarn of combed fibres	1%
042100	Milk and cream in powder	1%

Source: Based on Data from Ministry of Commerce DGFT Export-Import Databank



Common Items in the two years

Top 10 import items (2012-13 and 2013-14)

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Top Indian imports from Pakistan (2012-13)		
HS Codes	Product Description	Share of item in total imports
740400	Copper waste and scrap	28%
080410	Dates fresh or dried	16%
520100	Cotton, not carded or combed	8%
290250	Styrene	6%
252329	Other portland cement	6%
252010	Gypsum, anhydrite	3%
271011	Light oils and preparations	3%
271019	Other petroleum oils	3%
510119	Other wool, including fleece washed	1%
392321	Sacks and bags of polyethylene	1%

Top Indian imports from Pakistan (2013-14)		
HS Codes	Product Description	Share of item in total imports
080410	Dates fresh or dried	22%
271012	Light oils and preparations	8%
120740	Seasamum seeds w/n broken	7%
252329	Other portland cement	6%
271019	Other petroleum oils	6%
520100	Cotton, not carded or combed	5%
291736	Terephthalic acid and its salts	3%
252010	Gypsum, anhydrite	3%
510119	Other wool, including fleece washed	2%
290321	Vinyl chloride	2%

Source: Based on Data from Ministry of Commerce DGFT Export-Import Databank

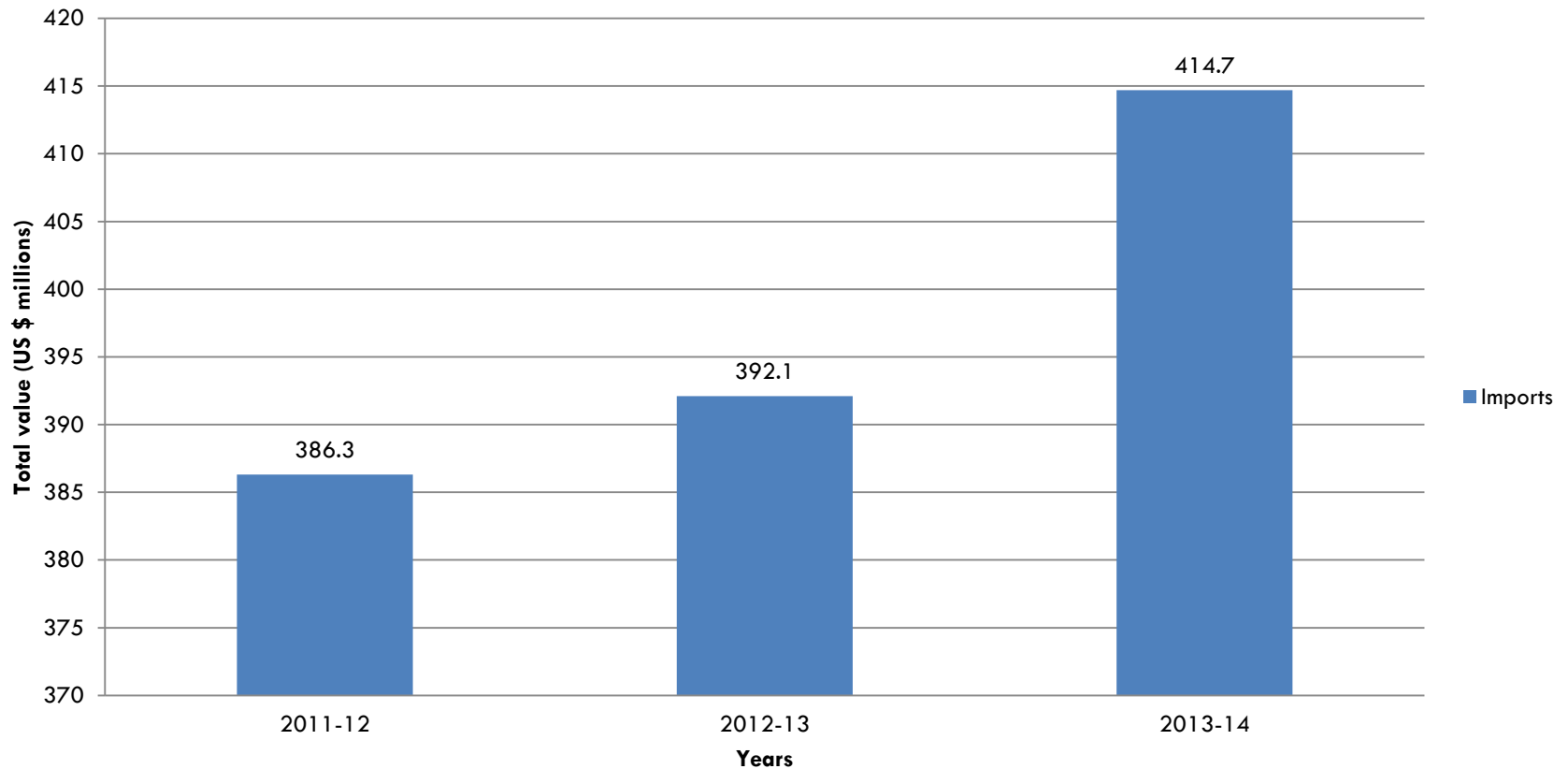


Common items between the two years

Import trends (excluding copper waste)

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India's imports from Pakistan excluding copper waste



Source: Based on Data from Ministry of Commerce DGFT Export-Import Databank. All values in US\$ millions.

21 sector classification of imports (excluding copper waste)

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Sector description	Share of sector in total imports		
	2011-12	2012-13	2013-14
Vegetable products	22.9%	26.4%	32%
Mineral products	20.7%	13.7%	25.4%
Textiles and textile articles	19.3%	21.2%	16.2%
Products of chemical & allied industries	10.1%	13.8%	8.6%
Raw hides and skins	2.9%	3.0%	5.9%
Plastics	3.6%	4.3%	2.4%
Prepared foodstuffs	0.9%	2.5%	2.2%
Live animals and animal products	0.4%	0.4%	0.6%
Pulp of wood	0.09%	0.2%	0.1%



Top 4 sectors of import from Pakistan.

Source: Based on Data from Ministry of Commerce DGFT Export-Import Databank.

Top 10 import items excluding copper waste (2012-13 and 2013-14)

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Top 10 imports from Pakistan in 2012-13

HS code	Product description	Share of item in total imports
080410	Dates fresh or dried	21.8%
520100	Cotton, not carded or combed	10.4%
290250	Styrene	8.4%
252329	Other portland cement	8.3%
252010	Gypsum, anhydrite	4.1%
271011	Light oils and preparations	3.9%
271019	Other petroleum oils	3.9%
510119	Other wool, including fleece washed	1.9%
392321	Sacks and bags of polyethylene	1.4%
283620	Disodium carbonate	1.4%

Top 10 imports from Pakistan in 2013-14

HS code	Product description	Share of item in total imports
080410	Dates fresh or dried	23%
271011	Light oils and preparations	8%
120740	Sesamum seeds	7.5%
252329	Other portland cement	6.3%
271019	Other petroleum oils	5.8%
520100	Cotton, not carded or combed	5.6%
291736	Terephthalic acid and its salts	3.1%
252010	Gypsum, anhydrite	2.2%
510119	Other wool, including fleece washed	2.2%
290321	Vinyl chloride	1.4%

Source: Based on Data from Ministry of Commerce DGFT Export-Import Databank.



Common Items in the two years

NEW TRADE

Analysis of India's exports to Pakistan post the change in the latter's import policy in 2012.

New items of export in the last 2 years

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Top 200 exports to Pakistan at 8 digit level of HS Classification

	2012-13		2013-14	
	Value	Percent	Value	Percent
Existing Exports	1782.6	96%	1896	94%
New Exports	85.6	4%	144.4	6%
Total Exports	1868.2	100%	2040.4	100%

Source: Calculations done using trade data from Ministry of Commerce DGFT Export-Import Databank. **All values in US \$ millions.**

New items of export in the last 2 years

- At the 8 digit level of HS classification, 33 new items were exported in 2012-13 and 40 new items in 2013-14.
- Out of these, 15 items were common to both years' new exports.
- A total of 58 new items were exported in the two years.

21 sector classification of new items

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2012-13	
Description of sector	Share in total value of new items
Textiles and its products	43.20%
Mineral products	12.26%
Plastics	12.10%
Imitation Jewellery	8.93%
Prepared food stuffs	7.53%
Products of chemical and allied indus.	6.70%
Machinery	3.50%
Vegetable Products	3.31%
Base metals	1.16%
Live animlas, animal products	1.07%

2013-14	
Description of sector	Share in total value of new items
Textiles and its products	28.50%
Imitation Jewellery	15.80%
Vegetable Products	15.35%
Prepared food stuffs	11.60%
Mineral products	10.05%
Products of chemical and allied Industries	8.40%
Machinery	6.09%
Base metals	3.01%
Plastics	0.90%
Live animals, animal products	0%

Source: Calculations done using trade data from Ministry of Commerce DGFT Export-Import Databank. All values in US \$ millions.

Top 10 new exports (6 digit level of HS classification)

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2012-13

HS code	Description	Value
550921	Single yarn synthetic fibres	7.2
540794	Other woven fabrics (printed)	6.1
230649	Other oil cake and residues	5.1
271019	Other petroleum oils	5.0
711790	Imitation jewellery (pearls)	5.0
270119	Other coal	4.0
550951	Mixed yarn of polyester	3.8
520100	Indian cotton	6.8
392690	Other articles of plastics	3.3
540772	Woven fabrics of nylon (bleached)	3.0

2013-14

HS code	Description	Value
230649	Other oilcakes and residue	12.5
271019	Other petroleum oils	12.4
711790	Imitation jewellery (pearls)	12.4
540772	Woven fabrics of polyester/nylon	11.5
550921	Single yarn synthetic fibres	9.0
711719	Imitation jewellery (metal)	7.5
120242	Ground nuts (shelled)	7.4
844520	Textile spinning machines	7.3
090831	Large amomum	7.0
550951	Mixed yarn of polyester	5.0

Source: Calculations done using trade data from Ministry of Commerce DGFT Export-Import Databank. All values in US \$ millions



Common items between the two years

Informal trade and new exports

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- Many of the new items of exports were being traded informally between the two countries.

2012-13

HS Code	Description	Value
71179090	Other imitation jewellery for personal adornment	5.0
33049910	Face cream	2.7
71171910	Bangles	2.6
56050020	Imitation zari thread	1.1
29, 30	Pharmaceutical products	6.0

2013-14

HS Code	Description	Value
71179090	Other imitation jewellery for personal adornment	12.4
33049910	Face cream	3.9
71171910	Bangles	7.4
34011190	Other soap	1.2
09083110	Big cardamom	6.9
29, 30	Pharmaceutical products	2.9

Source: Calculations done using trade data from Ministry of Commerce DGFT Export-Import Databank. All values in US \$ millions

Exports from the Negative List

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- Many of the items on the negative list were traded formally.

2012-13

Sno	HS Code	Description	Value
1	54079400	Other woven synthetic fabrics	6.1
2	54077200	Woven fabrics (dyed)	3.0
3	39206911	Packaging film	2.3
4	39209949	Sheet of polytetrafluoroethylene	1.6
5	39172910	Seamless tube	1.1
6	39206939	Other films of polyester	0.2
		Total	15.2
		Share in new trade	17.7%

2013-14

Sno	HS Code	Description	Value
1	54077200	Woven fabrics (dyed)	11.5
2	54079400	Other woven synthetic fabrics	4.5
3	39201011	Sheets of polyethylene	1.4
4	54023300	Textured yarn of polyesters	1.3
5	34011190	Other soap	1.2
6	30049052	Rifampicin	1.1
7	83099010	Pilfer proof caps for packing	1.0
		Total	22.0
		Share in new trade	15.2%

Source: Calculations done using trade data from Ministry of Commerce DGFT Export-Import Databank. All values in US \$ millions.



Common items between the two years

Mode wise analysis of new exports

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- Mode wise trends in new exports resemble those in total exports.
- Both trends show a consistent decline in export through the rail route.

Total exports

Mode	2012-13	2013-14
Air	4%	4%
Rail	9%	8%
Sea	60%	59%
Road	27%	29%
Total	100%	100%

New exports

Mode	2012-13	2013-14
Air	1%	1%
Rail	11%	10%
Sea	77%	88%
Road	11%	1%
Total	100%	100%

*Source: Calculations done using trade data from Ministry of Commerce
DGCIS Export-Import Databank.*

New exports through the road route

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HS code	Description
2012-13	
52010011	Bengali Deshi Cotton
39206911	Packaging film of polyester
39209949	Sheet of PTFE
39172910	Tubes of vinyl acetate
39206939	Other film of other polyesters
2013-14	
39201011	Sheets of polyethylene

*Source: Calculations done using trade data from Ministry of Commerce
DGCIS Export-Import Databank. All values in US \$ millions.*

Key inferences

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- Very negligible shift of new items from informal to formal channel.
- Items from the negative list are being traded formally.
- A large part of the increase in trade is being absorbed by the sea route.

Key inferences

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- Strong evidence that there has been no improvement in connectivity.
- Transaction costs of trading continued to be high.

Recommendations

- Rail connectivity between the two countries needs to be improved urgently.
- Strengthening of border institutions for efficient implementation of transport protocols.
- Coordination among different departments and other stakeholders (LPAI, Customs, Ministry of Commerce and Railways) is required.

Recommendations

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- Both countries should pursue the trade facilitation agenda.
- Within this, emphasis should be on improving procedures.
- Setting up a consultation mechanism.
- Granting transit facilities to each other.
- Following international standards, for example: TIR convention.

Thank You



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