



## Asia-Pacific Trade Briefs

### Pakistan

**Merchandise trade:** Pakistan's merchandise exports contracted by -1.6% in 2014, compared with an average of 3.7% annual growth in 2010-2014. Pakistan has a relatively diversified export base, with 3,335 products exported to 125 partners, higher than the Asia-Pacific averages of 2,107 exported products to 95 partners. Pakistan's top export products are largely dominated by textiles and garments; but also include agricultural products such as cotton yarn and rice. Its top export partners are: the United States; China and the European Union – with the United Kingdom and Germany capturing the largest market shares in the European Union (EU). In 2014, merchandise imports grew by 6.7% – a better performance than the Asia-Pacific total of -1.0%. More than one-third (37.8%) of imports were sourced from China.

**Services trade:** Pakistan's services exports grew by 5.9% in 2014, which was slightly higher than the Asia-Pacific total of 4.8%. This was led by higher exports of transport and business services – the largest sectors. Services imports grew by 7.1% in 2014 – slightly higher than the Asia-Pacific regional total of 6.1% – led by higher imports of transport and travel services.

**Global value chains (GVCs):** The share of intermediate goods in trade – a proxy for participation in GVCs – is much higher in Pakistan (36%) than the Asia-Pacific overall (22%) for imports, and also higher in Pakistan (28%) than in the region (18%) for exports. Pakistan is involved in textile value chains at the processing stage, which is reflected by the top import products including woven fabrics and cotton, and the top exports products being dominated by garments and textiles.

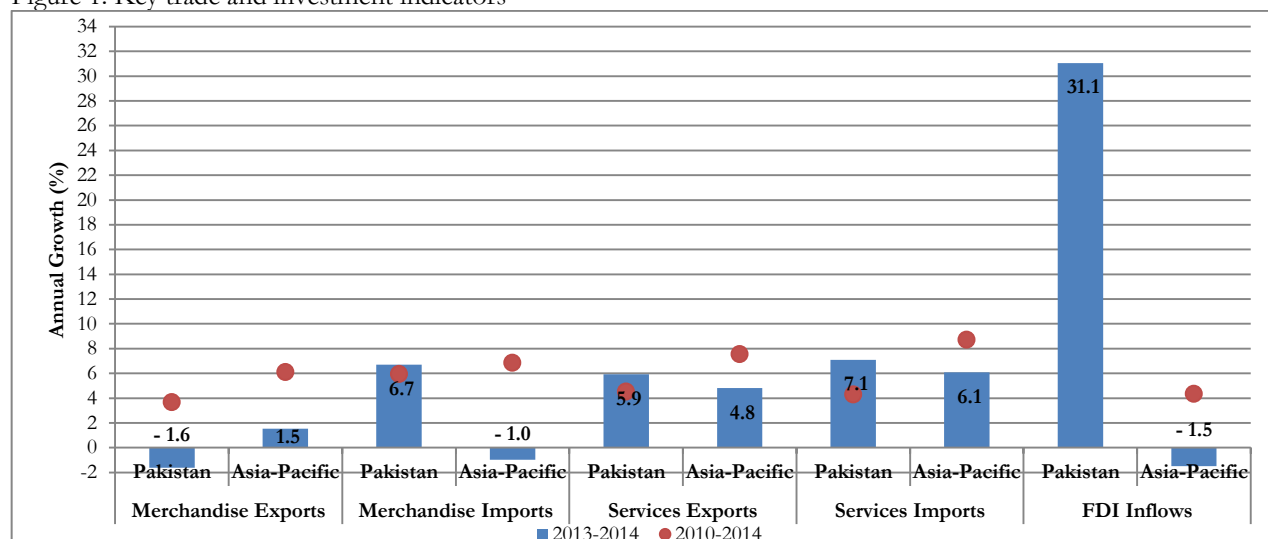
**Foreign direct investment (FDI):** Pakistan's FDI inflows grew substantially, by 31.1% in 2014. Regulatory reforms to allow issuance of Eurobonds have facilitated the inflow of investment, thereby increasing the ability of companies to finance by using alternative – and potentially more stable – currencies. Nevertheless, FDI in Pakistan remains lower than its potential; the country has struggled to attract investment in recent years due to a combination of factors, including: security concerns; political instability; a weak judicial system; and poor enforcement of intellectual property rights.

**Tariffs:** MFN applied and effective tariffs at 13.8% and 14.3% are much higher than the Asia-Pacific averages of 7.4% and 7.4%, respectively. At 60.2%, the average WTO bound duty is substantially higher than the Asia-Pacific average of 21.7%.

**Trade costs:** Intraregional trade costs in Pakistan have fallen slightly since 2009. It is costlier for Asia-Pacific economies to trade with Pakistan than with East Asia-3 (China, Japan and the Republic of Korea) – the intraregional benchmark – and with the EU-3 (France, Germany and the United Kingdom) – the extraregional benchmark. Based on the UNRC Survey 2015,\* Pakistan's trade facilitation and paperless trade implementation score is 47.3%, compared to 46.5% for Asia-Pacific.

**Trade agreements:** Pakistan has 11 trade agreements in force, which is higher than the Asia-Pacific average of 7.1 agreements. Thirty per cent of the total exports are to PTA partners, compared with 35% for Asia-Pacific, while 53% of the total imports are from PTA partners, compared with 45% for Asia-Pacific.

Figure 1. Key trade and investment indicators



\*Country notes summarising results of the UNRC Survey 2015 are available at: <http://unnex.unescap.org/UNTFSurvey2015.asp>

Figure 2. Top merchandise markets

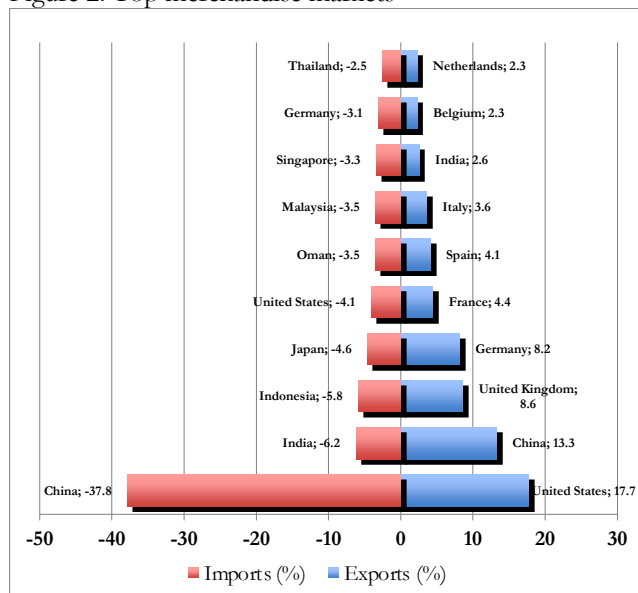


Figure 3. Top merchandise products

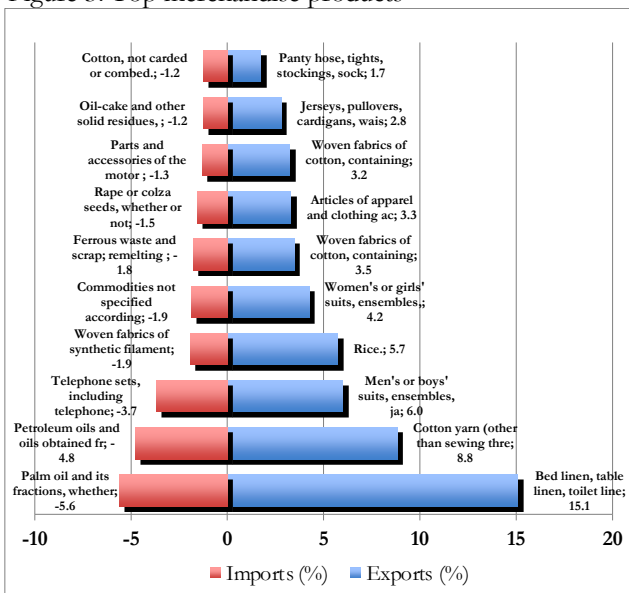


Figure 4. Trade in goods by their use

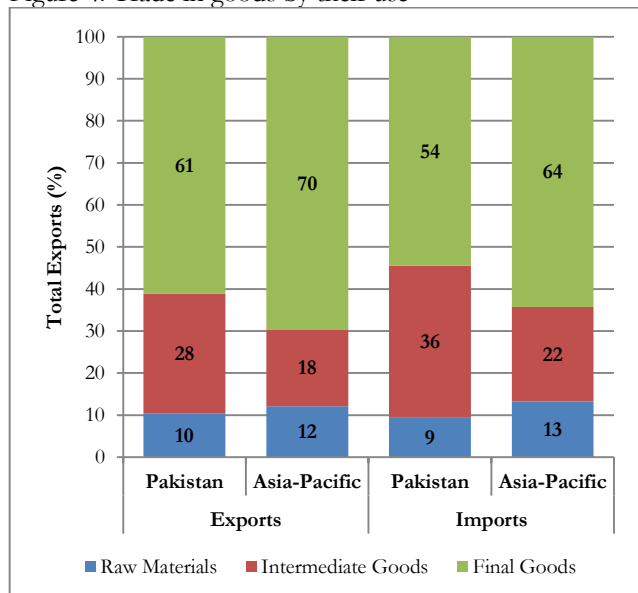


Figure 5. Foreign direct investment

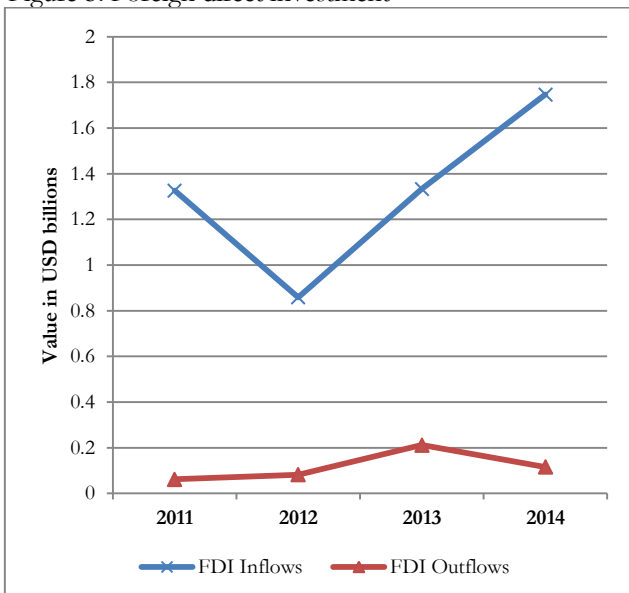


Figure 6. Tariffs

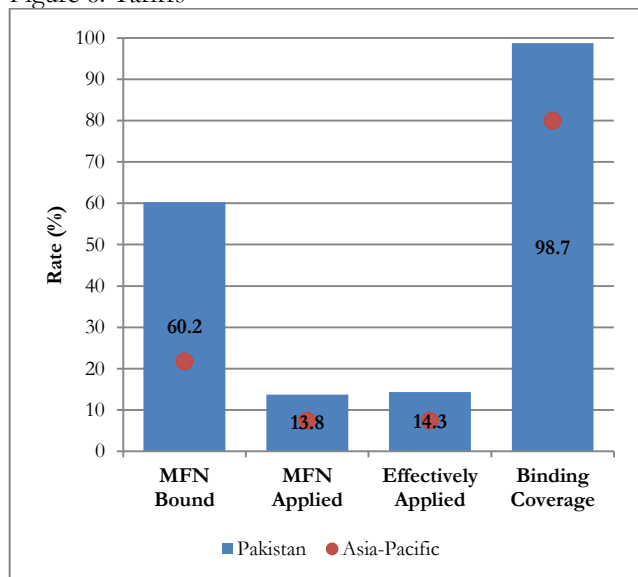
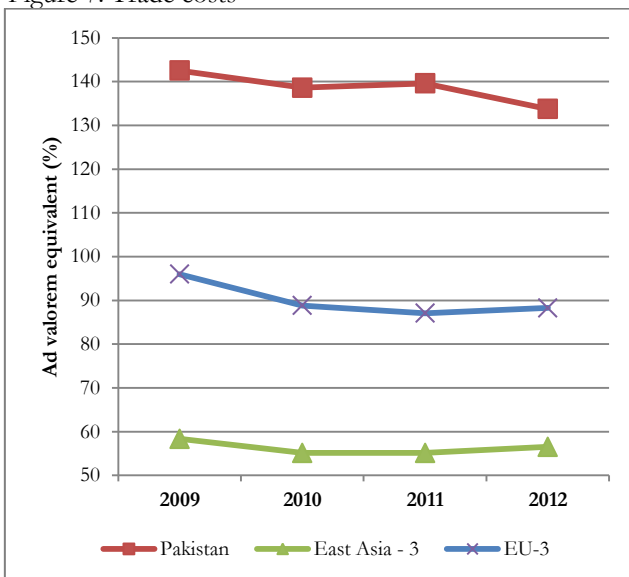


Figure 7. Trade costs



Sources: Trade and tariff data were accessed through WITS. FDI data was accessed through UNCTADstat.

Notes: Trade data follows the HS2007 classification. Mirror data is used. Products are defined at the 6-digit level.

Definitions: Primary, intermediate, consumer, and capital goods are defined using UNCTAD System of Accounts. Final goods are defined as the sum of consumer and capital goods. Bound tariff is the maximum most favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied on imports among WTO members. Effectively applied rate is the lowest tariff available, i.e. preferential rates where available.

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