

Pak-China FTA: exporters for taking industry onboard

If exports to China are expected to grow to \$6 billion after the 2nd phase of the Pak-China Free Trade Agreement (FTA), an item wise break up in which exports are expected to jump should be shared with the industry for their comments, chairman sub committee of Taxation and Trade Policy of SITE Association of Industry, Saud Mahmood has demanded.

He said China is known as the supplier to the world with huge current account surpluses with most trading partners. After the first phase of PAK-China FTA, we had to impose up to 30 percent regulatory duty to save the local industry from closing down.

Even after the imposition of 30 percent regulatory duty, trade deficit from China is over \$15 billion with Pakistan exporting under \$3 billion worth of goods to China, mostly minerals, agricultural products, and livestock.

It is unlikely for Pakistan to be benefited from the 2nd phase of Pak-China FTA as the Chinese imports of \$2 trillion are either of raw materials or high-tech equipment. Pakistan does not have the industrial and technical base to produce high-tech equipment such as computers, ICs, telecommunication equipment & automobiles. Moreover, exports of minerals, live stock and agricultural products are not accelerated by FTAs as importing countries do not apply duties on raw materials.

In view of the above ground realities, it would be interesting to see in which areas Ministry of Commerce has envisioned growth of Pakistan's exports to China. In the absence of such a detailed effort duly endorsed by leading chambers, it seems that we are all set to shoot ourselves in the foot again.

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