

Revised FTA: Pakistan seeks full transaction-based trade data from China

ISLAMABAD: With possibility to move towards finalising revised Free Trade Agreement (FTA) with China next week, Pakistan has formally requested Beijing for sharing 100 percent transaction-based trade data through the system of Exchange of Data Information (EDI) in order to curb massive under invoicing worth \$4 to \$6 billion per annum.

Pakistan's high-powered official trade delegation is scheduled to visit China next week from April 9 for possibly giving final touches to revised FTA as Islamabad sought Asean like tariff concessions to boost its exports to China.

It is expected that the formal signing of revised FTA between the two countries would be signed on the eve of upcoming visit of Prime Minister Imran Khan. Secretary Commerce Ahmed Nawaz Sukhera, when contacted, confirmed that he would be going to China and all issues were settled with them. "No pending issue is left as everything is set-tled before his joining," he stated.

Federal Secretary Finance Younas Dagha, when contacted by The News on Wednesday night, said that revised FTA will be discussed during talks with China. "We hope for early finalisation," says added.

On EDI front, official sources said that although Pakistan and China had operationalised EDI since last May 2018, but the transaction-based data was being provided to Pakistan on quarterly basis that resulted into losing purpose of utility as instant exchange of data could really help Pakistan overcome increasing under invoicing causing heavy loss to the national exchequer.

"After Prime Minister Imran Khan's last visit to China, our Foreign Office sent out official communication to Beijing for sharing ongoing trade data under the ambit of FTA and non-FTA simultaneously on transaction-based data," official sources told The News here Wednesday. Now the FBR has been pursuing both the Ministry of Foreign Affairs and Ministry of Commerce to follow up on this formal request with Chinese counterparts.

This correspondent visited the office of the FBR's Member Customs Policy Mohammad Javed Ghani for seeking his point of view, but was told that he was busy and could not meet.

However, other official sources said that the EDI sharing was not fully done by China as currently the trade data under the FTA was shared but now Islamabad was asking providing all kind of trade data on transaction basis immediately so that Pakistani tax authorities could evaluate its actual value and then impose due taxes.

A top official said the under invoicing had come down drastically from \$8 billion to \$6 billion and now it has further reduced to \$4 billion.

When Goods of Declaration (GDs) were filed in China, it was instantly made available with Customs authorities at clearing stations so it would help customs officials to ascertain its exact value on the basis of which they could charge tax collection.

The Pakistan Revenue Authority Limited (PRAL), a subsidiary of the FBR, developed software in consultation with Director General Reform and Automation of Customs and Pakistan and China have so far remained unable to finalise second phase of

FTA mainly because of concerns expressed by the Islamabad taxation authorities and business community arguing that the increased incentives for imported tariff lines would erode industrial sector of the country and the country could become heavily dependent upon Chinese imports and our industrial base could further shrink. Now the Ministry of Commerce has been engaged to finalise revised FTA with China and it is going to strike agreement within this month.

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