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## Second phase of CPFTA acceptable but not at the cost of local industries: FPCCI

President of Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Engr Daroo Khan Achakzai has said that Pakistan may enter into second phase of China-Pakistan Free Trade Agreement (CPFTA) with China but not at cost of closing our local industries and adversely affecting the economy at large.

Presiding over an interactive session on CPFTA organised by FPCCI, while commenting on first phase which has enhanced Pakistan's trade deficit with China to US$ 17 billion, he said that Pakistan has already liberalised 60 percent of its trade with China, suggesting Ministry of Commerce to take policy reforms for elimination of under-invoicing and settle to have agreements with China on removal of Sanitary and Phytosanitary measures (SPS), Technical Barriers to Trade (TBT) and barriers other than tariffs.

During the interactive session, the participants expressed their serious concern over the signing of second phase of CPFTA without ensuring the elimination of weaknesses of first phase of CPFTA.

The participants said that considering the stances of several sub sectors industries like seafood, vegetable oil and leather products should also be considered to have zero rated export entry status like ASEAN so that enhancement of exports are contributed by these existing sub sectors of industries with available potential further to grow with the passage of time.

The participants also considered to protect the domestic industries of chemical, steel, leather, plastic and poultry, in specific industries in SME in such a way that the effects of FTA do not adversely affect the present industry, already hostage of domestic supply constraints.

They said that time space, tariff reducing modalities, elimination of non-tariff barriers should be rationalised in FTA in such a manner that circumstances surrounding the economies of FTA partners is fundamental to negotiate on non reciprocity basis due to huge difference in economic development levels of FTA partners.

The participants of the meeting also showed concern on non-implementation of Electronic Data Exchange, earlier agreed between the Customs of both side countries.

The participants also showed further concern on non-documented datas of at least 36 percent on account of reasons inclusive of continued reported under invoicing, which not only is making losses in custom collections but as well as is against fair practices of trade leading to unhealthy competition.

The participants also stressed on the negotiation to focus negotiating on win-win concluded safeguard measures, transfer of technology and required skills for smooth operation of negotiated FTA. Moreover, the participants underlined the need of direct market access of Pakistan's products in China; which presently allows import from Pakistan for sales in Chinese market through vendors, which have registered history of on rising trade disputes.

The existing trade through such intermediaries creates the burden of not only apprehensions but also generates non-resolved disputes arising of such mode of trades between Pakistan and China. The participants also stated that since already 60 percent trade of Pakistan from China is being conducted in major at Zero percent and in minor in between 0 to 5 percent, therefore further liberalisation in these zero and 0-5 categories on import of intermediary and finished goods may not be preferred to be part of FTA.

The participant feared that economic growth of Pakistan closing to 3.7 percent during this year will further suffer due to addition of further trade liberalisation and small and medium vulnerable SMEs may add to the closure and reduction of industrial economy of Pakistan.

The country needs employment as fundamental to the requirement of law and order, which may be assured to be preserved during negotiation of FTA as liberalisation also costs employments for weaker economies.

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