

Pak-China FTA-II: Dawood foresees \$6 billion exports growth on meagre free market access

Adviser to the Prime Minister on Commerce and Textile Abdul Razak Dawood on Thursday said that the minimum 10 percent realisation of free market access of 313 Pakistani items expected to be given by China under Phase-II of Free Trade Agreement (FTA) would bring US\$ 6 billion exports growth. "We are extremely thankful to the Chinese government. It has accepted our demand for concessions," Razak said at an awareness seminar on the 2nd phase of Pak-China FTA organised by Ministry of Commerce and Textile in collaboration with Trade Development Authority of Pakistan (TDAP) at a hotel, here.

He said that Pakistan and China all set to sign FTA on April 28, 2019. He urged business community to contribute its maximum share in the \$ 5 trillion Chinese import market in the next five years.

Dawood said that currently we look towards the West but factually speaking, 21st century belongs to Asia. "Great business window has been open for Pakistanis in CPEC and FTA with China. Please, turn your directions," he asked the business community.

He said that incumbent government has taken steps forward for industrialisation and still, we need reforms on a greater level. He said that a trade-oriented economy would not be a sustainable solution for a nation with 200 million populations. "We need to encourage import substitutions, enhance and diversify our exports, establish industries and develop Make in Pakistan policy to steer the country out of challenges," he said.

The adviser said that provision of subsidy should be selective, logical and time-bound. He also asked traders not to commit under invoicing and misreporting.

He said the government was going to rationalise tariff structure in the next federal budget in June. He said an industrial policy is being formulated and a draft will be provided to businessmen for consideration. He said textile policy would also be coming soon. He said government was preparing policy for 3.7 million small and medium entrepreneurs (SMEs) of the country.

Dawood advised Federation of Pakistan Chambers of Commerce and Industry (FPCCI) to establish FTA think-tank to conduct extensive research, while the chambers come up with capacity-building initiatives for its member organisations. He also appreciated former commerce secretary Muhammad Younus Dagha and his entire team for their efforts in the FTA negotiation process.

Earlier, in a detailed presentation, Shafiq Quraishi, an official of Ministry of Commerce highlighted the major breakthroughs made at the 11th round of FTA in March 2019. He said China agreed to eliminate duty at par with ASEAN on 313 items. China has also extended sensitive list of Pakistan's 1410+350 items, he said.

Highlighting the shortcomings of the 2007 first phase of FTA, he said there were weak safeguard provisions. There were no provisions to address balance of payment issues in difficulties. He said

majority of FTAs has a standard provision in line with WTO agreement to address BOP difficulties. There was no mechanism to share real time trade data to discourage under-invoicing and misreporting.

He said 41 percent of Pakistan's global exports was liberalised in FTA phase-I, which has now been increased up to 83 percent. Similarly, Pakistan's exports to China were liberalised by around 35 percent in Phase-I, while 91.3 percent in Phase-II that covers 88 percent of Chinese global imports. He said both sides agreed 67 percent liberalisation in terms of trade volume for Pakistan and around 90 percent for China.

Federal Commerce Secretary Sardar Ahmad Nawaz Sukhera, Secretary Trade Development Authority of Pakistan Muhammad Sualeh Ahmad Faruqui and others were also present.

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