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Implementation of CPFTA-II to begin from 1st July: Razak

Advisor to the Prime Minister on Commerce, Textile, Industries and Production, Abdul Razak Dawood has said that the implementation of China Pakistan Free Trade Agreement-II (CPFTA-II) is expected to begin from July 1, 2019. Addressing a press conference sans video cameras, the advisor took responsibility for not achieving the export target, citing slower growth in exports against his expectation. He expressed the hope that exports will touch $24 billion mark. He also acknowledged that Pakistan had not done any market research on its export capacity for China.

Secretary Commerce, Sardar Ahmad Nawaz Sukhera and Joint Secretary Shafeeq Shehzad Baloch were also present during the press conference. The advisor gave credit of FTA-II to former Secretary Commerce, Younus Dagha (now Secretary Finance) and Joint Secretary Shafeeq Shehzad Baloch but at the insistence of a journalist, he acknowledged the role of former Commerce Minister, Engineer Khurram Dastgir Khan.

Dawood stated that FTA is a very complex document, adding that he expects a mixed reaction with some industries hurt due to FTA-II whereas some industries would be happy after the pact becomes operational. He said Pakistan has gained incentives to what are available to ASEAN countries without giving China import facilities as given by ASEAN nations.

He further stated that initially China refused to give duty free access to 313 Pakistani items but later accepted Pakistan"s" request. The list of items has been placed on the website of Commerce Division. Dawood said that Pakistan will open its economy to China after 15 years. He further stated that in FTA-II, Pakistan"s defence instruments are very weak but in case of any injury Pakistan can take provisional defence measures for 180 days after which the case will be analyzed.

He argued that the government has to strengthen National Tariff Commission (NTC) which takes nearly 30 months to finalise an injury case. He said real time data exchange has started with China which would minimize under invoicing. For instance, he said, Chinese claim $15 billion exports to Pakistan but Pakistani custom claims $10 billion imports which implies that there was under invoicing of $ 5 billion.

He said a delegation will visit China in September/October this year including representatives of SMEs and hold meetings with the Chinese. In reply to a question that there is speculation that Abdul Razak Dawood may be removed due to poor performance, the advisor stated that he absolutely does not have any issue with his removal, adding that it makes no difference for him. "I have no issue. I never think about it in that way. I am doing my job well and FTA-II is one example," Dawood confidently added.

He stated that China has hurt Pakistan in textile and shoe industries. He said this was not the fault of the Chinese but it was Pakistan"s fault. For example, the previous government imposed 5 per cent duty on imported shoes and 25 per cent on raw material. This government changed such "silly" tax measures and Bata is again starting shoe manufacturing in Pakistan.

To a question on the performance of Ministries falling under him, he replied that several policies are under process and will be completed very soon. Answering anther question, he said, millions of Chinese are expected to come to Pakistan but so far nothing has started and concerns are high but he requested to "let the vehicle start first".

"There are certain benefits for the Chinese. I know how they hurt us. I know how they hurt me so I am watchful. It is game/strategy, we have to get the benefits," he maintained. He said, Chinese industries are thinking relocation. He said that lacks of jobs will be created especially for women with the establishment of Chinese garments companies.

Two big parties have already in Pakistan to establish their industry and exports of one of them are $20 billion. Both parties have already met with the Prime Minister. He further stated that there are issues like water, gas, electricity and affluent in Special Economic Zones (SEZs).

MUSHTAQ GHUMMAN