

Our Correspondent

'Pakistan has lower participation in regional, global value chains'

KARACHI: Pakistan's economy is largely introvert with a major portion of its exportable products produced purely domestically and that indicates relatively lower participation in regional and global value chains, Asian Development Bank (ADB) said on Wednesday.

ADB, in Asian Economic Integration report 2019/20, said Bangladesh has the highest intensity ratio across Asian economies, which indicates stronger trade linkages with regional value chains (RVCs) than global value chains (GVCs), followed by Nepal and Pakistan. These countries highly specialise in the textiles and textile products sector, and leather and footwear sector. Their production networks are mostly linked sub-regionally with India and intra-regionally with the China.

"Despite higher intensities, these countries have relatively lower RVC and GVC participation rates, indicating a large portion of their exports of final goods are purely domestically produced," ADB said in the report titled 'Demographic change, productivity and the role of technology'. Manila-based lender said regional economic integration is one of the critical elements to maintain strong growth momentum in Asia and the Pacific "amid unresolved trade tensions, weakening global demand, and policy uncertainties." ADB said Bangladesh, Afghanistan and Pakistan are the three time-killing locations in South Asia for exporters who spend average 315, 276 and 130 hours to export. The situation is not different for time to import in these countries.

Pakistan's trade openness, in terms of GDP, is also one of the lowest in the region. Its trade openness accounts for 26.7 percent of GDP lower than Turkmenistan (30.2pc), China (34.1pc), Kazakhstan (54.5pc), Uzbekistan (56.5pc), Azerbaijan (65.9pc), Tajikistan (69.2pc), Georgia (77pc), Kyrgyz Republic (80.8pc), Afghanistan (85.7pc), and Mongolia (99.1pc).

Successive governments planned to explore its non-traditional partners in central Asia to increase foreign trade with the landlocked countries. However, neither trade within the region and nor energy cooperation have made any progress as yet.

In comparison, electricity trade flows within the Central Asian Power System—Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan—increased from 583 gigawatt-hours (GWh) to 2,659 GWh from 2016 to 2018.

The present government has recently introduced changes to its visa policy—50 countries are eligible to apply for a visa-on-arrival under the tourist category, while its online visa system is open to 175 countries.

"In strengthening intrasubregional ties, this would also help Carec brand itself better as a future tourist destination for visitors from other countries in Asia—which make up at least 60 percent of its market," ADB said.

ADB said Asia's intraregional trade remained higher than North America (40.5 percent), while lower than the EU (63.8 percent). "The stronger trade linkages of Asian economies can be a buffer for the potential trade growth slowdown due to the persistent trade conflict," it added.