

INP

Second phase of CPFTA, Country has secured enhanced, deeper concessions

BEIJING: Second phase of China-Pakistan Free Trade Agreement (CPFTA) will come into force later this week that is to eliminate tariffs on 313 most priority tariff lines of Pakistan's export.

The agreement is in line with the treatment China has given earlier to ASEAN's countries.

These 313 tariff lines cover over US \$8.7 billion worth of Pakistan's worldwide exports and US \$64 billion worth of Chinese global imports. This will help to lessen Pakistan's trade deficit and give support to its economy, reports China Economic Net. As was decided by the two sides, the date of the agreement's implementation is December 1, 2019.

Under the agreement, \$19 billion of Pakistan's exports will be covered, which corresponds to \$1.6 trillion of the Chinese global imports.

The major products on which tariff have been eliminated are textiles, garments, seafood, meat, other animal products, prepared food, leather, chemicals, plastics, oilseeds, footwear as well as engineering goods including tractors, auto parts, and home appliance machinery. Increase in the sensitive list from 10% to 25% which comes to 1760 tariff lines and covers 37% of Pakistan's imports from China.

This will give a fair amount of production to Pakistan's domestic industry from import from China.

The major protected industry includes textiles and clothing, iron and steel, auto, electrical equipment, agriculture, chemicals, plastics, rubber, paper and paper board, ceramics, glass and glassware, surgical instruments, footwear, leather, wood, articles of the stones and plastics and miscellaneous goods.

Talking to China Economic Net on telephone, Badar uz Zaman, commercial counsellor of Pakistan embassy in Beijing, said that the implementation of 2nd phase of CPFTA will increase further one billion US \$Pakistan's exports to China. He mentioned this will help Pakistan's trade deficit and provide support to its economy.

Under the new agreement, effective and robust measures have been taken to protect domestic industry from a surge in imports from China. Revision of safeguard remedial measures will provide protection of maximum 23 years against an import surge that may cause injury or threaten to cause injury to the local industry, said another official on condition of anonymity.

In order to avoid under-invoicing of import from China, a system of electronic data exchange has been introduced in the trade taking place under the framework of the Free Trade Agreement (FTA).

It's worth mentioning that the Phase-1 of FTA between the two neighbouring countries was signed on November 24, 2006 and became operational in 2007, while negotiations for the second phase of the CPFTA were started in 2011. After eleven rounds of negotiations, both sides concluded the agreement on April 2019 in Beijing.

Under the second phase of CPFTA, Pakistan has secured enhanced and deeper concession on products of its exports interest revision of safeguards mechanism for the protection of the domestic industry, the inclusion of the balance of payment clause as a safety valve against the balance of payment difficulties and effective enforcement of the electronic data exchange.

Moreover, the Chinese side also has agreed to accommodate Pakistan's request for immediate market access on its priority products, tariff reduction modality based on the principles of "less-than-reciprocity" longer phased out period for tariff reduction and effective safeguard measures for protection of the domestic industry.