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Australia uninterested in FTA with Pakistan

ISLAMABAD: Australia has refused to offer preferential market access to Pakistan on the grounds that the country has a very limited basket of tradable goods and services.

The formal demand for initiation of negotiations on a free trade agreement (FTA) covering goods, services and investment between the two countries was made in a meeting with top Australian officials in Islamabad on Tuesday.

Data show that Pakistan has higher bilateral trade in services with Australia than in goods with services imports worth \$662 million in 2016-17, while exports for the same at \$137m.

The bilateral trade in goods, though less in volume, is again highly in favour of Australia as its exports to Pakistan stood at \$304.6m in 2018-19 while imports were valued at \$206.5m.

A source privy to the meeting told Dawn that the Australian delegation flatly refused to start negotiations on a possible FTA between the two countries. He said they were of the opinion that there doesn't seem to be any potential for a trade agreement.

Currently, Australia has FTAs with New Zealand, Singapore, Thailand, USA, Chile, the Association of South East Asian Nations (Asean), Malaysia, Korea, Japan and China.

These pacts give an edge to Pakistan's competitors — Vietnam, Malaysia, Philippines, Thailand and Indonesia — who are covered under ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). The countries covered by this FTA accounts for 67pc of Australia's total trade.

Moreover, Australia is also negotiating an FTA with India, Regional Comprehensive Economic Partnership Agreement, Pacific Alliance Free Trade Agreement includes Chile, Colombia, Mexico and Peru, Gulf Cooperation Council, Indonesia-Australia Comprehensive Economic Partnership Agreement, Australia-Hong Kong Free Trade Agreement and Peru-Australia Free Trade Agreement.

The source said that Pakistan also demanded concessions in tariffs on the pattern offered to Bangladesh but the same was linked with the amendment in the Australian legislation.

Pakistan has also demanded market access for export of fruits to Australia. Currently, kinno, guava, fish, prawns shrimps, meat, chicken are not importable from the country. "We have requested for market access of these products," the source said, but their import is linked with highly stringent conditions.

Currently, the country can only export mangoes and surgical instruments after fulfilling the conditions. "We have demanded greater market access for mangoes and dates," the source added.

Meanwhile, the Australian side demanded market access for grains and pulses. Pakistan's imports of goods from Australia include dried leguminous vegetables, fertilisers, petroleum gas, ferrous waste and scrap, uncoated craft paper and paperboard, unwrought lead, while exports are home textiles, petroleum oils (crude), rice, miscellaneous manufactured articles, men's garments, leather apparel etc.