

Islamabad to seek preferential trade agreement with Riyadh

ISLAMABAD: Pakistan will formally propose to Saudi Arabia for initiation of a dialogue on preferential trade agreement (PTA) to promote bilateral trade and investment.

The proposal will be raised among other issues during the Saudi Crown Prince Mohammad bin Salman's two-day visit to Pakistan.

The crown prince will reach the country on February 16, accompanied by a high-powered business delegation.

Official sources told Dawn that the preferential treaty will cover tariff and non-tariff barriers (NTBs) which will help diversify Pakistan's export basket to the kingdom.

Since 2006, there is a complete deadlock in negotiations on the proposed free trade agreement (FTA) with the Gulf Cooperation Council. So far only two rounds of negotiations have been held on it.

Officials believe that this issue will be raised during the crown prince's visit.

Pakistan's bilateral trade with Saudi Arabia has posted a consistent decline, dropping by a half to \$2.5 billion in 2016-17 from \$5.08bn in 2013-14. One reason behind this is the falling value of petroleum products which constitute 50pc of total imports.

The country's exports to the kingdom are decreasing as well mainly due to a drop in proceeds of rice, fruits, vegetable preparations, apparel and clothing and made-up articles of textile material.

Rice is one of the major export items to Saudi Arabia but now the commodity's market is being captured by other countries, particularly India.

If an agreement is reached on PTA, Saudi Arabia will become the second country after Iran with which Pakistan will have a bilateral preferential arrangement.

Other issues that will be discussed include easing of procedures for business visa which currently involves multiple departments and takes at least six weeks. Saudi Arabia has also increased the business visa fee to Rs74,000 per person for attending any business activity in the kingdom and Pakistan will be looking for a fee waiver.

The Pak-Saudi Joint Business Council was formulated in 2000 to enhance interaction between top chambers of the two countries. The body has met thrice in the last 18 years, which shows its seriousness in promoting trade.

Pakistan is likely to raise the issue of removing ban on its shrimp exports to Saudi Arabia as well as seeking licence for State Life Insurance to do business in the kingdom, besides holding single-country exhibitions to promote market access for its products.

Possible areas for investment with Saudi Arabia include the halal food sector, cattle farming, milk, fisheries and other agro industry projects.

For resolving NTB, two important issues will be discussed; mutual recognition agreement to avoid delay in customs and clearance of Pakistan's export shipments at the kingdom's ports and quality assurance certificates to be recognised by Saudi Food and Drug Authority.