

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

BOP/W/41
23 April 1980

Limited Distribution

Committee on Balance-of-Payments
Restrictions

1980 CONSULTATION WITH PAKISTAN
(SIMPLIFIED PROCEDURES)

Background Paper by the Secretariat

1. This paper has been prepared in accordance with paragraph 7 of the Declaration on Trade Measures Taken for Balance-of-Payments Purposes (L/4904) to assist the Committee on Balance-of-Payments Restrictions in taking the decision referred to in paragraph 8 of this Declaration.

I. Pakistan's last full consultation

2. The last full consultation with Pakistan took place on 19 January 1978. The Committee expressed at this consultation understanding for the continuing balance-of-payments difficulties of Pakistan, acknowledged the difficult policy choices Pakistan was facing and recognized that external factors, among them difficult access to markets, affected Pakistan's export performance and hence its ability to earn the foreign exchange necessary to relax import restrictions.

3. In its conclusions the Committee inter alia "recognized that there was a need for trade measures as provided for under Article XVIII:9 to 12" and it "expressed the hope that the adoption of the fundamental external and domestic measures referred to by the International Monetary Fund would enable Pakistan to further reduce its reliance on trade restrictions" (BOP/R/98).

4. The last full consultation was preceded by three simplified consultations in 1973, 1975 and 1977 and nine full consultations held between 1950 and 1969.

II. The main changes in Pakistan's trade policy since the last full consultation

5. The Import Policy Order covering the period 1 July 1979 to 30 June 1980 introduced changes in the import status of many products without however substantially changing the overall restrictiveness of the import system.

6. Items for which liberalizing measures were taken included implements and machinery for the garment manufacturing industry, parts for radio recorders, synthetic bristles, flash lights, microfilm readers for libraries, and asbestos

board. The shift of bidi leaves from Part C¹ to Part A of the Free List and of iron and steel strips for pipes and tubes from Part C to Part B of the Free List also constituted a liberalization in substance. Restrictive measures included the import ban on road rollers up to 12 tons, certain petroleum products, and certain components for the assembly and manufacture of television sets, as well as the limitation of cement imports to the public sector and the shift of strip for razor blades from Part A to Part B of the Free List.

7. As of 19 November 1979 the licensing of imports for the private sector has been limited to the fiscal year 1978/79 value. Quarterly cumulative ceilings were established for each importer and product on the basis of licences issued in 1978/79. Special provision was made for the import of capital goods for modernization and replacement as well as for raw material imports of export industries. Yarn and thread of man-made fibre will be licensed also on a quarterly basis but only up to a total annual value equivalent to 33 per cent of the value licensed in 1978/79.

III. The main trends in Pakistan foreign trade since the last full consultation

8. The dollar value of Pakistan's exports increased by 38 per cent in 1979 to 1.9 billion dollars.² Rice exports, which accounted for 23 per cent of total exports in 1979, rose by 85 per cent. Cotton exports fell by 50 per cent as their share of total exports dropped from 10 per cent in 1978 to 4 per cent in 1979. The dollar value of total imports increased by 20 per cent to 3.7 billion dollars in 1979. Imports of crude petroleum declined by almost 20 per cent in dollar terms in the first three-quarters of 1979 compared to the same period of 1978. The trade deficit increased in 1979 from 1.7 to 1.8 billion dollars.

¹Part A of the Free List refers to items importable by registered importers. Part B of the Free List refers to items importable by industrial consumers only. Part C of the Free List refers to items importable by public sector agencies only.

²Unless otherwise indicated, figures are for January-November 1979 relative to the same period of 1978.