

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

Committee on Balance-of-Payments
Restrictions

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1985 CONSULTATION UNDER ARTICLE XVIII:12(b) WITH PAKISTAN

Statement Submitted by Pakistan under Simplified Procedures for Consultations¹

The pressure on balance of payments, which had eased in 1982-83, re-emerged during 1983-84 and a surplus in the basic balance in 1982-83 was converted into a deficit. The deterioration in payments position, despite some improvement in the terms of trade of the country, reflected mainly loss of foreign exchange earnings from raw cotton and a contraction in workers' remittances. During 1983-84 export unit value index (adjusted for changes in Pak rupee/U.S. dollar rate) rose by 3.6 per cent while the import unit value index declined by 0.7 per cent resulting in an improvement of 4.3 per cent in the terms of trade. The gold and foreign exchange reserves of the country denoted a fall of 10.6 per cent to stand at \$ 2.49 billion at the end of June, 1984 as compared to \$ 2.78 billion a year ago.

CURRENT ACCOUNT:

The current account recorded a deficit of \$ 1.0 billion during 1983-84 which was substantially higher than the deficit of \$ 517 million in 1982-83. The widening of the deficit was the combined result of the increases in the deficits under merchandise account (+ 11.5 per cent to \$ 3.3 billion) and service transactions (+ 17.2 per cent to \$ 714 million) and a decline in the net receipts under private unrequited transfers. The increase in the trade deficit during 1983-84 was attributable to an increase of 6.9 per cent in imports which more than offset the rise of 1.6 per cent in exports. The net inflow on account of private unrequited transfers recorded a decline of 1.1 per cent to \$ 3.0 billion during 1983-84. The deficit in service transactions also increased by 17.2 per cent to \$ 714 million due to a larger increase of \$ 165 million in payments than the increase of \$ 60 million in receipts. On the payments side of

¹ These procedures are set out in BISD, 20S, pages 47-49.

service transactions, notable increases were recorded by "investment income" (+) \$ 81 million), "freight and insurance on international shipments" (+) \$ 43 million) and "travel" (+ \$ 52 million), while on the receipts side main increase occurred under "investment income" (+ \$ 72 million).

The basic balance recorded a deficit of \$ 275 million during 1983-84 in contrast to a surplus of \$ 414 million in the preceding year. A summary of balance of payments for the year 1983-84 alongwith the data for the preceding year is given in Annex.I.

The various elements affecting Balance of Payments are reviewed below:-

EXPORTS:

The aggregate value of exports (f.o.b) rose from \$ 2.71 billion during 1982-83 to \$ 2.75 billion during 1983-84, depicting a nominal growth rate of 1.3 per cent as against 8.9 per cent recorded in the preceding year. The sluggish growth in exports concealed higher exports notably of rice, cotton fabrics and leather and was attributable mainly to lower exports of raw cotton, petroleum and petroleum products and cotton yarn & thread. (Value of selected exports items is shown in Annex.II.)

A break-down of exports by economic categories revealed that exports of 'semi-manufactures' and 'manufactured goods' rose by 5.6 per cent to \$ 383.6 million and by 1.9 per cent to \$ 1,563.2 million respectively during 1983-84. Their shares in total exports improved respectively to 14.0 per cent and 56.9 per cent during 1983-84 from 13.4 per cent and 56.6 per cent in the preceding year. Exports of 'primary commodities', on the other hand, denoted a fall of 1.5 per cent to \$ 800.2 million during 1983-84 and accounted for 29.1 per cent of the total exports as against 30.0 per cent in 1982-83.

As regards the destinational pattern of Pakistan's exports, Iran continued to be the largest buyer of Pakistani goods, accounting for 16.1 per cent of the total exports during 1983-84 as against 12.3 per cent in the preceding year. In absolute terms, exports to Iran increased by \$ 109.9 million to \$ 442.4 million. The next major buyer was U.S.A. accounting for 8.8 per cent of the total exports during 1983-84 as against 6.0 per cent during 1982-83. In absolute terms, exports to U.S.A. increased by \$ 78.8 million or 48.3 per cent to \$ 241.8 million. Notable increases, in absolute terms, were also recorded in exports to Arab Republic of Yemen (+ \$ 23.6 million to \$ 24.9 million), U.S.S.R. (+ \$ 18.7 million to \$ 72.9 million), Japan (+ \$ 16.3 million to \$ 238.1 million), Italy (+ \$ 15.2 million to \$ 97.1

million), Kuwait (+ \$ 14.8 million to \$ 52.1 million), Ivory Coast (~~\$~~13.5 million to \$ 32.8 million), Indonesia, (+ \$ 11.5 million to \$ 23.1 million), Federal Republic of Germany (+ \$ 10.2 million to \$ 131.8 million), South Korea (+ \$ 9.7 million to \$ 23.7 million) and the Netherlands (+ \$ 9.0 million to \$ 33.9 million). On the other hand, exports to Peoples Republic of China and Hong Kong fell sharply by \$ 84.5 million and \$ 81.1 million to \$ 47.7 million and \$ 37.1 million respectively during 1983-84. Other countries to which exports declined were: Saudi Arabia (- \$ 35.2 million to \$ 217.2 million), U.A.E. (- \$ 18.6 million to \$ 205.8 million), Singapore (- \$ 12.4 million to \$ 37.5 million), U.K. (- \$ 9.6 million to \$ 121.0 million) and Bangladesh (- \$ 3.2 million to \$ 40.7 million).

IMPORTS:

The value of merchandise imports (c.i.f.) based on Customs records aggregated \$ 5.69 billion during 1983-84, indicating a rise of 6.1 per cent in contrast to a decline of 4.8 per cent in 1982-83. The break-up of imports into economic categories revealed that increase in imports during 1983-84, which was shared by all the categories, was particularly pronounced in the case of 'capital goods' (+ \$ 147.7 million to \$ 1,811.1 million) followed by 'raw material for consumer goods' (+ \$ 118.1 million to \$ 2,745.4 million), 'consumer goods' (+ \$ 42.1 million to \$ 797.0 million) and 'raw material for capital goods' (+ \$ 17.7 million to \$ 335.6 million). The share of 'capital goods' in total imports rose to 31.8 per cent in 1983-84 from 31.0 per cent in 1982-83, while that of 'raw material for capital goods' remained unchanged at 5.9 per cent. The shares of 'consumer goods' and 'raw material for consumer goods' came down from 14.1 per cent and 49.0 per cent to 14.0 per cent and 48.3 per cent respectively. (Value of selected items of imports is shown in Annex.II).

TERMS OF TRADE:

The terms of trade index, as adjusted for changes in Rupee/US dollar rate, had remained virtually unchanged during 1982-83 but witnessed an improvement during 1983-84. The terms of trade index (1975-76 = 100) moved up to 93.04 during 1983-84 from 89.19 in 1982-83, reflecting an improvement of 4.3 per cent. The improvement resulted from an increase of 3.6 per cent in the export unit value index and a fall of 0.7 per cent in the import unit value index.

The group-wise break-up of export unit value index during 1983-84 showed that the group of 'crude materials inedible except fuels' recorded a significant increase of 16.7 per cent followed by 'beverages and tobacco' (+ 16.4 per cent) and 'manufactured goods' (+ 11.7 per cent). The groups of items recording declines were: 'machinery and transport equipments' (- 10.9 per cent), 'chemicals' (- 10.8 per cent), 'food and live animals' (- 5.9 per cent), 'mineral fuels and lubricants' (- 5.7 per cent) and 'miscellaneous manufactured articles' (- 2.7 per cent). The group-wise break-up of import unit value index for 1983-84 showed that prominent increases occurred under 'animal and vegetable oil and fats' (+ 45.2 per cent), 'food and live animals' (+ 20.8 per cent), 'machinery and transport equipments' (+ 8.1 per cent) and 'beverages and tobacco' (+ 3.0 per cent). The groups of items recording declines were: 'mineral fuels and lubricants' (- 13.9 per cent), 'manufactured goods' (- 10.9 per cent), 'crude materials inedible except fuels' (- 6.0 per cent), 'miscellaneous manufactured articles' (- 1.9 per cent) and 'chemicals' (- 0.2 per cent).

The export and import unit value indices (1975-76 = 100), when adjusted for changes in the U.S. dollar/SDR rate, revealed that the export price index rose by 6.8 per cent during 1983-84 as against a decline of 5.4 per cent recorded in 1982-83. The import price index also denoted a rise of 2.4 per cent as compared to a decline of 5.5 per cent during the same period.

The group-wise break-up of the adjusted export unit value index for 1983-84 showed that increases occurred under 'crude materials inedible except fuels' (+ 20.4 per cent), 'beverages and tobacco' (+ 20.1 per cent), 'manufactured goods' (+ 15.2 per cent) and 'miscellaneous manufactured articles' (+ 0.3 per cent). The groups of items which recorded declines were: 'machinery and transport equipments' (- 8.1 per cent), 'chemicals' (- 8.0 per cent), 'food and live animals' (- 3.0 per cent) and 'mineral fuels and lubricants' (- 2.7 per cent). A similar break-up of import unit value index revealed that the groups recording increases were: 'animal and vegetable oil and fats' (+ 49.8 per cent), 'food and live animals' (+ 24.6 per cent), 'machinery and transport equipments' (+ 11.5 per cent), 'beverages and tobacco' (+ 6.3 per cent), 'chemicals' (+ 2.9 per cent) and 'miscellaneous manufactured articles' (+ 1.2 per cent). The groups of items which showed declines were: 'mineral fuels and lubricants' (- 11.2 per cent), 'manufactured goods' (- 8.1 per cent) and 'crude materials inedible except fuels' (- 3.1 per cent).

INVISIBLE EARNINGS AND PAYMENTS:

Both invisible earnings and payments recorded increases during 1983-84. While invisible payments rose by \$ 165 million (+ 10.9 per cent) to \$ 1.7 billion, invisible earnings rose by \$ 27 million (+ 0.7 per cent) to \$ 4.0 billion. The rise in earnings resulted from higher receipts under services, while receipts under private unrequited transfers representing largely the remittances by Pakistanis working abroad, fell by 1.1 per cent to \$ 3.0 billion and accounted for 76.0 per cent of total invisible earnings. Receipts under services moved up by \$ 60 million (+ 6.6 per cent) to \$ 964 million on account of higher 'investment income' and 'other receipts', partly offset by lower receipts under 'travel', 'other transportation' and 'government n.i.e.'. On the payments side, larger payments were recorded by 'investment income', 'travel', 'freight and insurance on international shipments' and 'others', offset partly by lower payments under 'government n.i.e.' and 'other transportation'.

CAPITAL TRANSACTIONS:

The net inflow under capital transactions declined from \$ 862 million in 1982-83 to \$ 513 million during 1983-84 recording a fall of \$ 349 million (- 40.5 per cent). The net inflow under private long-term capital comprising direct investment and utilisation/repayments of foreign loans including PAYE credits fell sharply by 60.4 per cent to \$ 157 million. Of this, net inflow under direct investment, however, rose to \$ 35 million from \$ 26 million, while the net utilisation of loans/credits by the private sector decreased sharply from \$ 355 million to \$ 121 million. The net inflow under private short-term capital (other than direct investment) consisting mainly of transactions under the "Foreign Currency Accounts Scheme" fell from \$ 276 million to \$ 101 million. Long-term loans received by the 'general government sector' increased by \$ 105 million (+ 16.5 per cent) to \$ 741 million and their repayments also moved up by \$ 130 million (+ 32.8 per cent) to \$ 526 million.

GOLD AND FOREIGN EXCHANGE RESERVES:

The gold and foreign exchange reserves of the country, which stood at \$ 2,785 million at end June, 1983, declined to \$ 2,489 million by the end of June, 1984, showing a fall of \$ 296 million (- 10.6 per cent). The overall decline in reserves was reflected in a fall under all the three components of reserves viz. 'foreign exchange' (- \$ 187 million), 'gold' (- \$ 82 million) and holdings of SDRs (- \$ 27 million).

FOREIGN AID AND LOANS:

Commitments of foreign economic assistance rose by 10.4 per cent to \$ 1,864 million during 1983-84 from \$ 1,689 million in 1982-83. Disbursements of foreign economic assistance which amounted to \$ 1,176 million during 1983-84 were, however, lower by 9.6 per cent as compared with \$ 1,301 million in the preceding year. Of the total disbursements, \$ 695 million were for project financing, \$ 149 million for non-food imports, \$ 177 million for import of edible and butter oils and the balance of \$ 155 million reflected the receipts of relief assistance for Afghan refugees. Total debt (disbursed and outstanding) at the end of December, 1983 amounted to \$ 10.0 billion, of which \$ 9.5 billion is repayable in foreign exchange and \$ 0.5 billion in Pak. rupee. Debt service payments (including IMF and short-term borrowings) during 1983-84 rose by 18.1 per cent to \$ 945 million as compared to \$ 800 million in the preceding year.

TRANSACTIONS WITH THE INTERNATIONAL MONETARY FUND:

Following the coming into effect of the Eighth General Quota Review, Pakistan's quota in the Fund increased by 27.8 per cent from SDR 427.5 million to SDR 546.3 million with effect from December 28, 1983. Of the total increase of SDR 118.8 million, 25 per cent (SDR 29.7 million) was paid in SDRs and the balance in Pakistan rupee. Pakistan did not draw the balance amount of SDR 189 million available under the Extended Arrangement concluded by Pakistan with the Fund in November, 1980 for SDR 1,268 million. During the year, Pakistan repaid to the Fund the equivalent of SDR 14.0 million on account of drawings made under the Extended Arrangement (SDR 6.2 million) and the first credit tranche (SDR 7.9 million).

SYSTEM AND METHOD OF RESTRICTIONS:

A basic change has been brought about in the format of the import system. A Negative/Restricted List System has been adopted in place of the Positive List System. Our Import regime has been so far relying upon an exhaustive listing of the items allowed to be imported i.e. a Positive List system. Any item not explicitly listed was not importable. The Negative/Restricted List system envisages clear notification of banned items.

The 'Negative List' consists of the following:-

- (a) Items banned for religious or security reasons.
- (b) Luxury consumer goods.
- (c) Items banned for protective reasons.

In addition to the Negative List there is a Restricted List comprising the following:-

- (a) Items importable by the Public Sector only.
- (b) Items importable exclusively under loan, credit or barter.
- (c) Consumer goods subject to quantitative restrictions.

To facilitate smooth transition from the old to the new system the Free List is incorporated in the Import Policy Order 1983 for the convenience of the Public.

122 new items have been made importable. These items include: all ranges of computers, machinery of different kinds including heading machines, hardware making machines, drums and tin container manufacturing machines, battery manufacturing machines, asphalt heating machines, sharpening, trimming, trueing dressing and surfacing machinery, plastic moulding machines and extruders, road rollers, rechargeable solar batteries, regenerated fibre, micro-films, coconut seeds for sowing, food for invalids and grey cloth.

Import of sugar and non-nitrogenous fertilizers, hitherto canalised to the public sector has been opened for the private sector. However, no subsidy would be admissible in regard to import of fertilizer.

In addition to items mentioned in para 7 import regime regarding the public transport has been liberalised as follows:-

(a) New standardised trucks, buses and LCVs in CBU condition (including CBU chassis) have been made importable by the private sector.

(b) Standardised trucks, buses and LCVs in CKD condition have been made importable by the recognised assemblers.

Bidi leaves would be henceforth importable by the private sector from all sources except India. Imports from India will have to be routed through the Trading Corporation of Pakistan.

15 items so far importable from tied sources have been made freely importable from world wide sources. These items include: auto repair and garage machines, broaching machines, bench type honing machines having multiple speeds, lapping machines, rubber processing machines twist drills of all sizes and slotting machines.

Quantitative restriction have been removed from 17 consumer items. These include: tea, coffee, stationery, dates, watches and clocks, betel leaves and betel nuts.

Restriction would continue on arms and ammunition, butter, powdered/condensed milk and milk food for infants.

Minimum C&F price restriction on import of table alarm clocks/time pieces has been reduced from Rs. 75/- to Rs. 40/-. But the minimum C&F value of Rs. 75/- would continue in respect of wall clocks.

Import of coconut seedlings/saplings has been banned to safeguard against spread of disease in the coconut cultivation which is being undertaken in the country.

Exemption from payment of customs duty and sales tax on 500 racing cycles - already allowed to be imported per year by the Army Welfare Engineering Industries - has been granted. Identifiable and non-substitutable spare parts meant exclusively for such racing cycles, would also be exempted from customs duty.

Requirement of producing an earning certificate has been dispensed with in regard to miscellaneous items - namely air-conditioners, refrigerators, motor cycles, auto rickshaws, domestic sewing machine, T.V. sets, tape recorders etc. - importable once in two years on payment of normal customs duty and sales tax.

For further increasing export of readymade garments RMR entitlement in respect of garments made from denim/corduroy has been raised from 50% to 60% and for those manufactured from synthetic fabrics from 56% to 65%.

These enhanced rates would be applicable only to export (a) to non-quota areas (But excluding exports under barter) (b) of non-quota items to quota areas.

The major changes which took place in the context of import liberalization are given in annexed note "Chronology of Changes since 1982".

SUMMARY POSITION OF PAKISTAN'S
BALANCE OF PAYMENTS

(Million U.S.\$)

I T E M S	1982-83	1983-84**
1. Trade Balance	- 2,989	- 3,334
Exports f.o.b.	2,627	2,668
Imports f.o.b.	5,616	- 6,002
2. Services (Net)	- 609	- 714
Receipts	904	964
Payments	1,513	- 1,678
Freight and Insurance	(- 490)	(- 533)
Investment Income	(- 541)	(- 622)
Others	(- 482)	(- 523)
3. Private Transfers (Net)	3,081	3,048
4. Current Account Balance	- 517	- 1,000
5. Long-term Capital (Net)	931	725
Private Capital (Net)	397	157
Official Capital (Net)@	534	568
6. Basic Balance (net)	414	- 275
7. Errors & Omissions (Net)*	296	143
8. Balance Requiring Official Financing	710	- 132
9. Official Borrowings	- 12	65
10x Official Short-term Capital (Net)	- 50	37
Balance of Payments Borrowings	38	28
IMF Trust Fund	(-)	(-)
Others	(38)	(28)
10. Net Official Reserves (Increase-)	- 698	67

@ Includes Official Transfers

Source:- State Bank of Pakistan

* Includes Private Short-Term Capital and Non-monetary Gold.

** Estimates.

PAKISTAN'S EXPORTS

(Value in Million US \$)

Items	1982-83	1983-84
	Value	Value
1. Rice	289.8	421.9
2. Raw cotton	306.7	131.4
3. Cotton Yarn and Thread	260.4	226.0
4. Cotton Fabrics	281.7	360.2
5. Leather	94.0	146.2
6. Carpets and Rugs	150.5	172.3
7. Fish and Fish Preparations	70.6	74.7
8. Petroleum and Petroleum Products.	77.6	40.3
9. Guar and Guar Products	22.6	23.9
10. Raw Wool	13.3	12.7
11. Footwear	11.7	15.9
12. Tobacco—Raw & Manufactured	9.7	10.6
13. Sport Goods	34.8	49.3
14. Surgical Instruments	22.6	31.9
15. Others	1064.6	1029.6
Total:	2710.6	2746.9

Source: Federal Bureau of Statistics

PAKISTAN'S IMPORTS

(Value in Million US \$)

Items	1982-83	1983-84
	Value	Value
1. Wheat	68.7	63.7
2. Tea	131.9	190.4
3. Petroleum and Petroleum Products	1,615.7	1,421.1
4. Vegetable Oils	275.7	481.5
5. Animal Tallow	32.6	46.4
6. Chemical Fertilizers	166.6	114.1
7. Iron & Steel	216.1	229.2
8. Iron & Steel Scrap	15.0	15.4
9. Non-Ferrous Metals	50.9	50.2
10. Transport Equipments	426.8	467.8
11. Electrical Machinery	163.6	177.3
12. Machinery	732.9	803.1
13. Others	1,467.1	1,628.9
Total:	5,363.6	5,689.1

Source: Federal Bureau of Statistics

Annex: IV

Chronology of Changes in the Exchange and Trade System Since 1982 Consultation.

1982

February 1, 1982: The word 'Woolen' was deleted from Public Notices No. 3(8)/81-E-I, dated 1st July, 1981 now all hand knotted carpets are eligible for payment of compensatory rebate on their exports.

February 10, 1982: Compensatory rebate @ 12 $\frac{1}{2}$ % allowed on the export of Plastic Water Coolers (Thermic Jugs).

March 20, 1982: Export of coke by Public Sector Agencies was allowed.

March 31, 1982: -Compensatory rebate @ 12 $\frac{1}{2}$ % allowed on the export of Rexine (Artificial Leather) and products made of it.

April 3, 1982: Export of guinea fowls, tuskey commons, domesticated cootic pigeons, Java Sparrows, Zebra finches white finches, domestic ducks, domestic goose, budgerigars, cockateils, and love birds, has been allowed subject to special procedure specified by the Govt. in Part B of Schedule II of the ETCO.

August 4, 1982: Under the Export Finance Scheme repayments in respect of carpets and leather products were extended to 270 days for 1982/83 exports, provided shipments were made during 1982/83 within a period of 180 days after drawing the advance. It was also announced that the whole of 1982/83 was to constitute a single monitoring period for the realization of export proceeds instead of two monitoring period (SCD Circular No. 27/82).

August 24, 1982: Export of soda ash subject to quota restriction was allowed by private sector.

August 25, 1982: Export of poultry (including day old chicks) live or dressed was allowed.

September 4, 1982: The validity of the December, 1980 commodity exchange agreement between Pakistan and Poland was extended to December 31, 1982 for opening letters of credit and to March 31, 1983 for completing shipments (FE Circular No. 106/82)

September 7, 1982: The qualifying limit for blanket permission for travel abroad of exporters of services was reduced from PRs 2.5 million of services to PRs 0.25 million (FE Circular No. 107/82).

December 11, 1982: The validity of Pak-USSR Protocol dated the 14th May, 1981 was extended for opening of letters of credit up to 31.12.1982 and for shipment upto 31.3.1983 for the import of drugs and medicines.

December 12, 1982: Export of scrap and parts obtained from shipbreaking was allowed. Export was also allowed, subject to quota, of breeding cows and breeding goats.

December 14, 1982: The validity of Trading Corporation of Pakistan/Sukab (Sweden) commodity exchange agreement No. 4 was extended for opening of letters of credit upto 28th February, 1983 and for completing shipment upto 31st May, 1983.

1983

January 2, 1983: Export of sporting rifles, hand guns and shot guns, and accessories and ammunition thereof was allowed.

January 17, 1983: The validity of Pak-USSR barter Protocol dated 14.5.1982 on mutual deliveries of goods between Pakistan and USSR was extended upto 31st March, 1983 for opening of letters of credit and 30th June, 1983 for completion of shipment.

February 6, 1983: A one year commodity exchange agreement was entered into between Pakistan and D.P.R. Korea. Letters of credit shall be established and invoices, drafts, payment orders and other payment document shall be drawn in DM. The agreement provides for the exchange of goods of the value of DM 25.0 million each way.

February 9-10, 1983: A meeting between the concerned agencies was held for the review of Trading Corporation of Pakistan/Sukab Commodity exchange agreement No. 4 and as a result thereof, the overall ceiling of the agreement was enhanced by US \$ 47.6 million on either side. The validity of the agreement was also extended upto 31st December, 1984 for opening of letters of credit and 31st March, 1985 for completing shipment.

February 24, 1983: A special mini barter No. 19 was entered into between Pakistan and Czechoslovakia. The agreement provides for exchange of goods of the value of US \$ 9.6369 million.

February, 28, 1983: A commodity exchange agreement was concluded between the Islamic Republic of Pakistan and Peoples' Republic of Bulgaria regarding the exchange of goods between the two countries worth US \$ 36.0 million each way. It was agreed that the protocol shall remain valid upto February 29, 1984.

March 7, 1983: Export was allowed of infant formula foods, infant weaning foods and food for invalids.

March 10, 1983: A fresh increase of US\$ 47.6 million in the overall ceiling of Trading Corporation of Pakistan/Sukab commodities exchange agreement was made according to the memorandum of understanding dated 10 February.

April 2, 1983: The validity of Pak-Bulgaria Protocol dated 17th December, 1981 was extended upto 30th June, 1983 for opening of letters of credit and 30th September, 1983 for completion of shipment.

April 4, 1983: A one year commodity exchange agreement was entered into between Pakistan and Peoples Republic of China. All payments documents were to be drawn up in US dollars and all transactions under agreement provides for the exchange of goods of the value of US \$ 16.0 million.

April 16, 1983: A one year commodity exchange agreement was entered into between Pakistan and Poland. All payment documents were to be drawn up in US dollar and all transactions under the agreement channeled through a special US dollar clearing account. The agreement provides for the exchange of goods of the value of US \$ 25.0 million.

April 20, 1983: A one year commodity exchange agreement was entered into between Pakistan and Czechoslovakia. All payments documents were to be drawn up in US dollar and all transactions under the agreement channeled a special US dollar clearing account. The agreement provides for the exchange of goods of the value of US \$ 27.0 million.

April 26, 1983: A barter Protocol between Pak^{was}USSR/signed for the mutual delivery of goods between the two countries amounting to US \$ 45.0 million. The Protocol shall be valid until December, 31, 1983.

April 28, 1983: The validity of Pak-China commodity exchange agreement No. ~~II~~^{II} was extended to 15th October, 1983 for opening letters of credit and to 15th January, 1984 for completing shipments.

May 9, 1983: The validity of Pak-Czechoslovakia commodity exchange agreement No. 18 was extended to 30.9.1983 for opening of L/c and to 31.12.1983 for completing shipment.

May 12, 1983: Export of camels was allowed subject to quota.

June 13, 1983: The swing limit of Trading Corporation of Pakistan/Sukab agreement No. 4 was increased from US \$ 3 million to US \$ 4 million.

June 23, 1983: Export compensatory Rebate on exports of Woolen Yarn at the rate of $4\frac{1}{2}\%$ of FOB values was all wed.

June 25, 1983: The commodity exchange agreement between Pakistan and D.P.R. Korea (No.8) was closed with effect from 31.3.1983.

July 1, 1983: A basic change has been brought about in the format of the import system. A negative/restricted list system has been adopted in place of the positive list system w.e.f. the F.Y.1983-84. 148 new items/categories added to the importable list. Import of sugar and non-nitrogenous fertilizers opened to the private sector. Also 15 items were shifted from Tied list. Licensing restrictions were removed on 17 of the 22 consumer items previously subject to quantitative restrictions. The monetary ceiling in respect of import of capital equipment and machinery for setting up units not falling within the restricted list of industries and involving a capital outlay of Rs. 60 million has now been raised to Rs. 30 million. The monetary ceiling regarding expansion of existing units not falling within the restricted list of industries has now been raised from Rs. 10 million to 30 million. Distinction between expansion and establishment of new unit has been done away with.

July 6, 1983: The commodity exchange agreement between Pakistan and China (No. 10) was closed with effect from 30.6.1983.

July 20, 1983: Export of ten more vegetables was allowed.