

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED

BOP/W/158

31 October 1994

Limited Distribution

(94-2216)

Committee on Balance-of-Payments Restrictions

**CONSULTATION WITH PAKISTAN¹
(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 adopted by the CONTRACTING PARTIES on 28 November 1979 (BISD 26S/205-209) to assist the Committee in taking the decision referred to in paragraph 8 of that Declaration. It updates the paper prepared for the 1992 consultation (BOP/W/143).

I. Previous consultation with Pakistan

2. Since 1960, the Committee has held eleven full consultations with Pakistan (the last full consultation was held in 1989). Eight simplified consultations have been held in 1973, 1975, 1977, 1980, 1982, 1985, 1987 and 1992.

3. At the last full consultation, held on 17 April 1989, the Committee recognized that Pakistan continued to face serious balance-of-payments difficulties which warranted the invocation of Article XVIII:B. It also recognized that in the period under review, and particularly since 1987, Pakistan had taken major steps in adjusting imbalances in its economy, reducing import restrictions, and rationalizing its tariff structure. The Committee welcomed the statements by Pakistan and the IMF concerning the Pakistan authorities' policy of continuing the process in the medium term. It took note of the justifications mentioned by Pakistan for the maintenance of remaining import restrictions.

4. The Committee noted that Pakistan would notify to GATT, by November 1989, an updated list of the import restrictions maintained by it for balance-of-payments purposes. With respect to import prohibitions, the Committee recalled the provisions of Article XVIII:10 relating to minimum commercial quantities of imports, while also noting the provisions of paragraph 1 of the 1979 Declaration.

5. The Committee noted that Pakistan's exports remained highly concentrated in the three sectors of rice, cotton and textiles and clothing. It observed that this high concentration made Pakistan's trade, growth and investment possibilities particularly vulnerable to external distortions and restrictions. The Committee invited Pakistan to seek greater diversification of export products and markets, while, at the same time, recognizing the short-term difficulties involved. The Committee noted that, for the longer term, the current negotiations in the Uruguay Round offered a significant opportunity for alleviating distortions and constraints in external markets. Pending that, and bearing in mind the provisions of the preamble and paragraph 12 of the 1979 Declaration on Trade Measures Taken for Balance-of-Payments Purposes, and taking into account the particular structure of Pakistan's exports, the Committee recommended contracting parties to give particular attention to the possibilities of

¹This consultation with Pakistan is being held in conjunction with the Trade Policy Review in the GATT Council. In accordance with the decision of the Committee (BOP/R/199), in such cases the Secretariat prepares only a short factual background paper containing aspects relevant to the work of the Committee. In trade policy related questions, this paper draws on the TPRM report prepared by the Secretariat (C/RM/S/50).

alleviating and correcting the balance-of-payments problems of Pakistan through measures which they might take to facilitate an expansion of Pakistan's export earnings (BOP/R/181).

II. Main changes in Pakistan's trade and exchange policies since the last consultation

6. Under Pakistan's macroeconomic adjustment and structural reform programme initiated in 1988, the country embarked on a comprehensive medium-term programme of trade liberalization and tariff reduction.² The objectives of these reforms are to replace most non-tariff barriers by tariffs; to reduce the maximum levels of ad valorem customs duty rates and rationalize the structure of customs duties.

a) Import restrictions

7. As part of Pakistan's reforms, the coverage of the Negative List, other import restrictions and import licensing have been gradually reduced. As of April 1991, 118 categories of items were on the Negative List. In the 1993 and 1994 Import Policy Orders, the number of product categories in the Negative List has been reduced to 77 and 75. (Annex I)

8. The scope of import licensing has been gradually decreased. In 1991, import licensing was eliminated for all freely importable items and import licenses were required only for those items which were subject to special health, safety and security requirements. In July 1993, import licensing was abolished completely for all "importable items", (i.e. those not on the Negative or Restricted Lists).

9. The Import Policy Order, 1993 still included 19 product groups (Restricted List) the import of which was subject to special conditions. (These items were importable only by certain importers). With effect of 1 July 1994, the Restricted List has been eliminated.

10. The Import Policy Order, 1994 lists fifteen product groups that may be imported only if the products satisfy the specific safety and health requirements as established by the Order. The main products concerned are animal semen, animals and plants covered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora, cotton seed, palm stearin, edible products, tobacco products, radioactive materials, calcium carbide and some other chemicals, human blood, dyes, explosives, pesticides, boilers, transmission apparatus, T.V. transmission antenna systems, firearms and ammunition. The specific conditions established by the Import Policy Order, 1994 include an obligation to obtain a recommendation, authorization, approval or clearance from different authorities (Ministry of Food and Agriculture, Ministry of Commerce, Pakistan Atomic Energy Commission, Department of Explosives and Chief Inspector of Boilers). Other conditions provide for specific labelling, the use of specific materials in the production process or prior registration with the competent authority.³

11. In earlier years, import policy orders listed a number of products the importation of which was subject to specific standardization requirements. The products included some agricultural tractors and different motor vehicles in CBU condition. In February 1994, the list was shortened and the Import Policy Order, 1994 includes no products whose importation is subject to standardization requirements.

²For more detailed information on the implementation of trade-related reform policies, see Chapters I and IV in document C/RM/S/50

³See table AIV.3 in document C/RM/S/50

12. Imports of a number of products, including certain oils, some pharmaceutical raw materials, drugs and medicines, different wastes, security paper, maps, gold, small capacity fans, special oil and gas equipment, large agricultural tractors, passenger vehicles, three wheeler automotive rickshaws, aircrafts and second hand ships are subject to specific procedural requirements. These include the recommendation of some government agencies, registration, holding of certificates or licences, obligatory import channels or the compliance with some specific quantitative or qualitative requirements. Restrictions are mainly motivated by safety or security considerations.⁴

13. Pakistan applies direct quantitative restrictions on firearms and ammunition. Until early 1994, Pakistan also restricted imports of machinery and millwork through the establishment of maximum values and specific conditions. For 1993/94, the amount of the established monetary import ceilings for different categories of machinery amounted to Rs 911 million; the ceiling was abolished in February 1994.

b) Tariffs and other import charges

14. Since the introduction of its reforms in 1988, Pakistan has regularly reduced tariffs and other charges on imports. In 1993/94, the simple average ad valorem m.f.n. statutory import tariff rate was 56 per cent. At present, due to tariff reductions introduced in July 1994, the simple average of statutory rates is in the order of 50 per cent, according to calculations made by Pakistan authorities. At present, the highest tariff rate in Pakistan, with the exception of certain motor vehicles and alcoholic beverages, is 70 per cent. The administration resorts frequently to authorization of tariff exemptions or concessions. Tariff concessions are temporary and subject to review from time to time. For this reason, applied tariffs are substantially lower than statutory tariffs.

15. In July 1994, Pakistan has started the implementation of a major three year tariff reform programme. At the end of the period, the maximum rate, with some exceptions, will be 35 per cent. As part of the tariff reforms, many tariff concessions, presently in force, will be withdrawn.

16. In 1992/93, the 10 per cent import surcharge was merged with the customs duty. Until July 1994, most imports were subject to a 6 per cent ad valorem import fee. The import fee was abolished with effect of 1 July 1994. Between 1985 and July 1994, imports were subject to a 5 per cent educational tax (iqra surcharge). Since 1 July 1994, the iqra surcharge, together with applied regulatory duties, including the 1 per cent "flood relief surcharge", introduced in 1992, have been integrated into a single customs duty.

c) Import restrictions maintained for balance-of-payments reasons

17. The last notification by Pakistan indicated that products under some 140 tariff lines were, in 1991, subject to import restrictions maintained for balance-of-payments purposes (L/6830, 19 March 1991). Many items in this notification are also included in the Negative List. A number of items notified by Pakistan in 1991 have now been removed from the Negative List and are assumed to have been liberalized. The Secretariat understands that the 1994/95 Negative List (Annex I) contains all the restrictions maintained by Pakistan for balance-of-payments reasons.⁵

⁴See table AIV.4 in document C/RM/S./50.

⁵These are indicated by * in the Annex.

d) Exchange regulations affecting trade

18. Foreign exchange restrictions have been gradually relaxed in Pakistan as part of the economic and structural reforms. Foreign exchange is made freely available to importers who are registered as commercial or industrial importers for payment for goods imported in accordance with the Import Policy Order. Regulations pertaining to travel allowances, remittances by foreigners and allowances for training abroad have recently been liberalized.⁶

III. Macroeconomic and Trade Developments

19. In 1993/94, the Pakistan Government intensified its efforts to remedy macroeconomic imbalances that had reached a critical point at the end of 1992/93. The Government implemented wide-ranging demand management policies, including a reduction in the budget deficit, adjustments in petroleum and utility prices, higher rates of return on financial assets, limitations on the scope of Government-directed credit schemes, and a significant exchange rate adjustment.

Output and prices

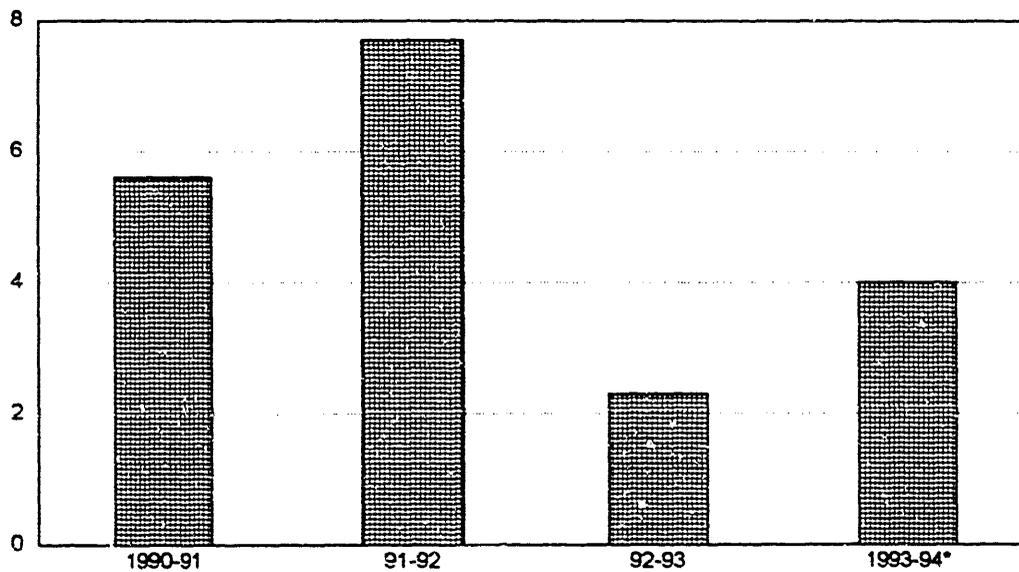
20. Real GDP growth is estimated at 4 per cent in 1993/94 compared to 2.3 per cent in 1992/93 (Chart 1A). Growth in 1993/94 was adversely affected by shortfalls in cotton and wheat production, which were 11 and 6 per cent below the levels of the previous year respectively, and related disruption in industrial and service activities. The supply shortages were reflected in price increases and the average annual CPI-based inflation rate was 11.2 per cent in 1993/94 compared to 9.3 per cent in the previous year (Chart 1B).

21. Total investment in Pakistan has exceeded gross national savings consistently in the last few years. The gap between the two had widened to 7.1 per cent of GDP in 1992/93, but narrowed in 1993/94 to 3.5 per cent (Chart 2B).

⁶For more detailed information on the changes in the exchange control system see Annex I.1 in document C/RM/S/50.

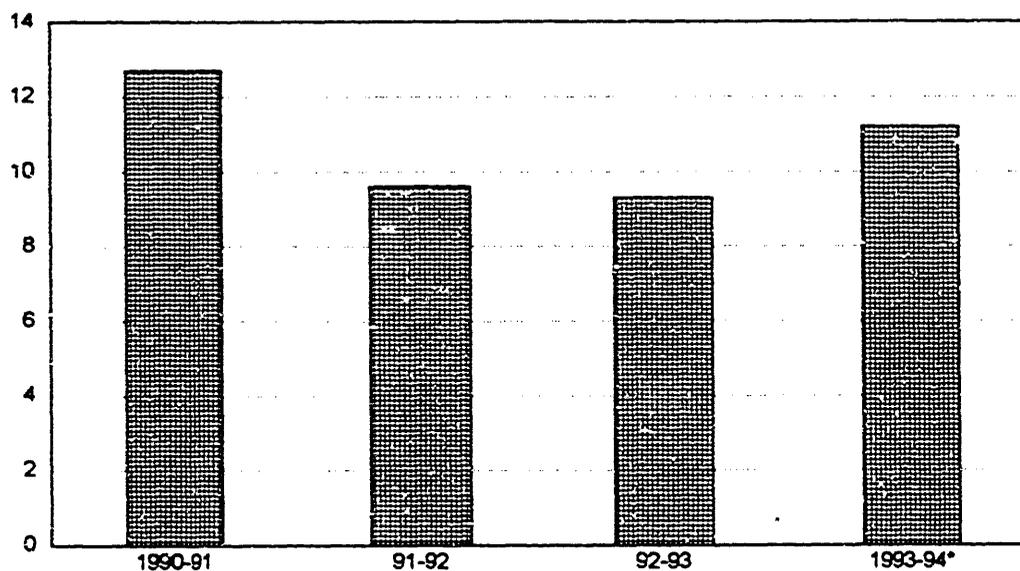
Chart 1 - Pakistan - Selected economic indicators, 1990-94

A. Real GDP at factor cost (Percentage change)



*Preliminary.
Source: IMF.

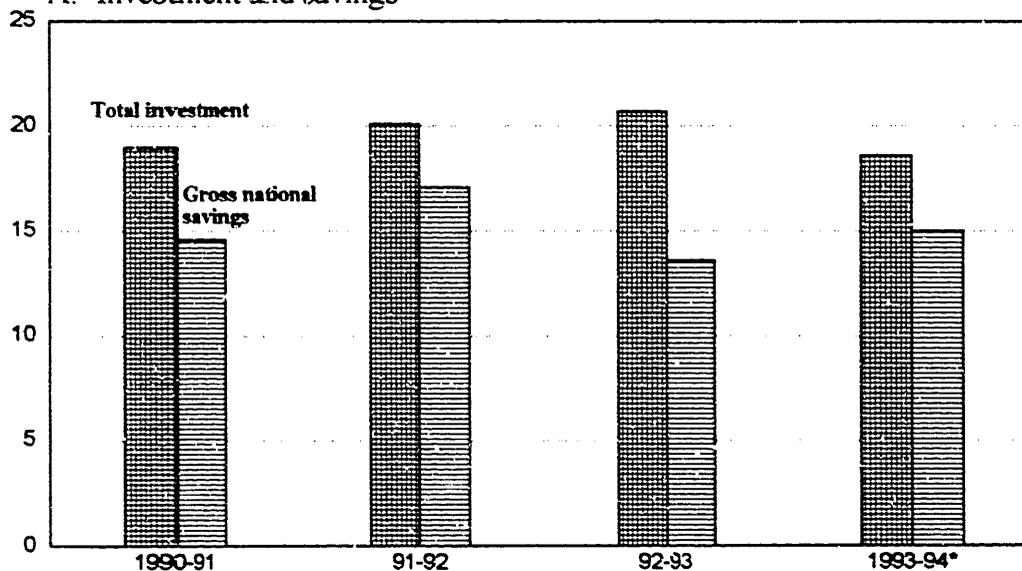
B. Consumer price index (Percentage change; period average)



*Preliminary.
Source: IMF.

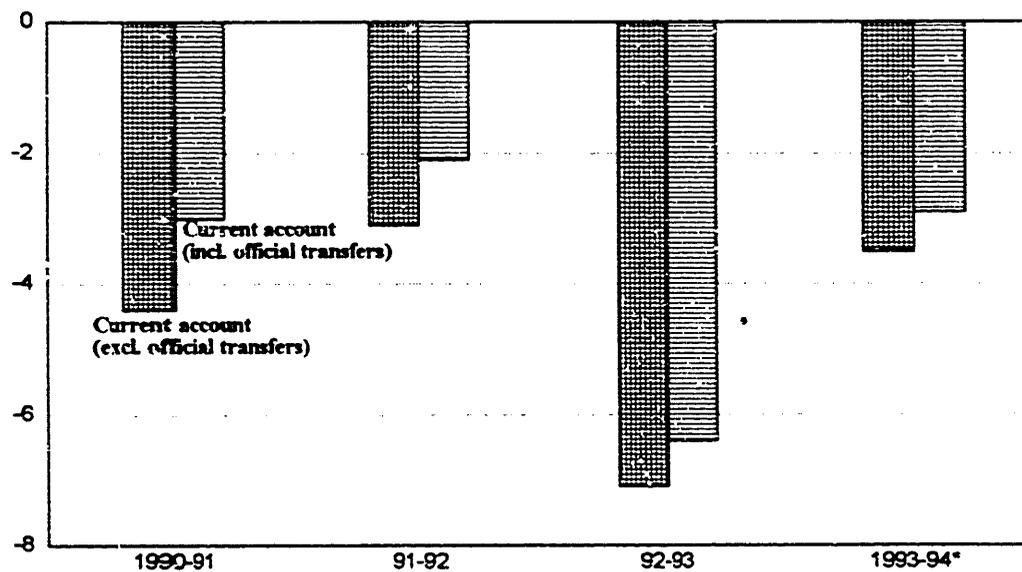
Chart 2 - Pakistan - Investment and savings and the current account, 1990-94
(In percentage of GDP)

A. Investment and savings



*Preliminary.
Source: IMF.

B. Current account
(In percentage of GDP)



*Preliminary.
Source: IMF.

Money and Credit

22. Net domestic assets grew by 10.3 per cent during the course of 1993/94, compared to 25.1 per cent in 1992/93. The reduction in growth rate reflected lower borrowing for budgetary support, as well as reduction in support for Government-directed schemes. The growth in net foreign assets by 6.4 per cent in 1993/94, compared to a decline by 7.1 in the previous year, resulted in an overall growth in domestic liquidity of 16.7 per cent in 1993/94.

Public finance

23. The budget deficit was reduced to 5.8 per cent of GDP (excluding grants) in 1993/94 from 8 per cent of GDP in 1992/93 (Table 1). The shortfalls in revenue from excise tax, customs duties, and sales tax, due to the lower-than-anticipated level of economic activity, were partially offset by higher revenues from oil surcharges, so that there was only a small decline in budgetary revenues to 17.8 per cent of GDP in 1993/94 from 18.2 per cent in the previous year. Current expenditure was cut to 19.1 per cent of GDP in 1993/94 from 20.6 per cent in the previous year, while capital expenditures declined to 4.5 per cent of GDP from 5.6 per cent over the same period.

Table 1 - Pakistan: Summary of Budget, 1989/90-1993/94
(In per cent of GDP)

	1989/90	1990/91	1991/92	1992/93	1993/94
Budgetary revenue	19.5	16.5	19.3	18.2	17.8
Tax	13.9	12.8	13.6	13.4	13.3
Non-tax	4.6	2.7	4.3	4.7	4.4
Surplus of autonomous bodies ¹	1.0	1.0	1.4		
Other				0.1	0.1
Budgetary expenditure	26.1	25.2	26.7	26.2	23.6
Current (including unidentified)	19.5	18.7	19.6	20.6	19.1
Development (including net lending)	6.6	6.5	7.1	5.6	4.5
Budgetary balance	-6.6	-8.7	-7.4	-8.0	-5.8

i In 1989/90 - 1991/92, the budget definition comprises the federal and provincial governments (including railways and post office) and autonomous bodies - WAPDA (Water and Power Development Authority), OGD (Oil and Gas Development Corporation), NFC (National Fertilizer Corporation of Pakistan), PTVC (Pakistan Television Corporation), and PTC (Pakistan Telecommunications Corporation). Beginning in 1992/93, the operations of the five autonomous bodies are excluded from the budget coverage reflecting the increasingly independent nature of these corporations.

Source: IMF.

Exchange rate

24. The exchange rate policy in 1993/94 aimed to strike a balance between maintaining the competitiveness of the tradeable sector and containing inflationary pressures. In July 1993/94, there was a devaluation of 9 per cent against the U.S. dollar, and the exchange rate subsequently was subject to small adjustments in the context of the managed float system. In all, the rate against the U.S. dollar depreciated by 12.8 per cent in the course of 1993/94.

Balance of Payments

Current account

25. The current account deficit (excluding official transfers) narrowed significantly in 1993/94 to an estimated 3.5 per cent of GDP, compared to 7.1 per cent of GDP in 1992/93 (Table 2 and Chart 2B). However, the narrowing of the deficit was largely attributable to the decline in merchandise imports by nearly 15 per cent in dollar terms in 1993/94, after an increase by 11.7 per cent in the previous year, when there was an upsurge in vehicle imports and imports of foodstuffs, including edible oil, increased sharply following floods in Pakistan. Merchandise exports continued to stagnate, growing by only 0.2 per cent in dollar terms in 1993/94, after growing by 0.3 per cent in 1992/93. Traditional exports of cotton and cotton manufacturers performed poorly, but non-traditional exports, including sports goods and footwear, cosmetics, sugar products and synthetic textiles, maintained their dynamism of recent years, increasing by 15 per cent in dollar terms. Pakistan continued to be a net importer of services, which include inter alia insurance, engineering, construction and telecommunications, but the deficit on the services account declined by 10.7 per cent in 1993/94. Interest payments increased by 6.6 per cent in 1993/94 and accounted for about half of the deficit on service account. Private transfers, of which over 60 per cent in 1993/94 were workers' remittances, increased by 2 per cent in 1993/94.

Table 2 - Pakistan: Summary of Balance of Payments, 1989/90 - 1994/95
(In millions of U.S. dollars)

	1989/90	1990/91	1991/92	1992/93	1993/94
Exports f.o.b.	4,926	5,902	6,762	6,782	6,795
Imports f.o.b. ¹	-7,411	-8,385	-8,998	-10,049	-8,549
Services (net)	-1,616	1,790	-2,225	-2,748	-2,455
Of which: interest payments ¹	-874	-944	-999	-1,159	-1,235
Private transfers (net)	2,210	2,292	2,961	2,327	2,375
Of which: Workers' remittances	1,942	1,848	1,468	1,562	1,450
Current account before official transfers	<u>-1,891</u>	<u>-1,980</u>	<u>-1,500</u>	<u>3,687</u>	<u>-1,834</u>
Official transfers (net)	538	613	450	361	314
Current account balance	<u>-1,353</u>	<u>-1,368</u>	<u>-1,050</u>	<u>-3,326</u>	<u>-1,520</u>
Medium- and long-term capital	777	607	766	815	838
Project and nonproject aid	846	758	966	846	720
Commercial banks ²	-44	-151	-165	-42	161
Other official capital	-25	-	-35	11	-43
Public sector short-term (net)	453	684	-403	739	51
Private medium- and long-term	240	274	1,137	1,234	1,532
Private short-term (including errors and omissions)	47	-191	-320	-50	614
Capital account balance	<u>1,517</u>	<u>1,374</u>	<u>1,280</u>	<u>2,737</u>	<u>3,035</u>
Overall balance	<u>164</u>	<u>6</u>	<u>130</u>	<u>-589</u>	<u>1,514</u>

1 In the data for 1989/90 - 1991/92, defence-related external debt service payments are included in imports.

2 Islamic Development Bank.

Source: IMF.

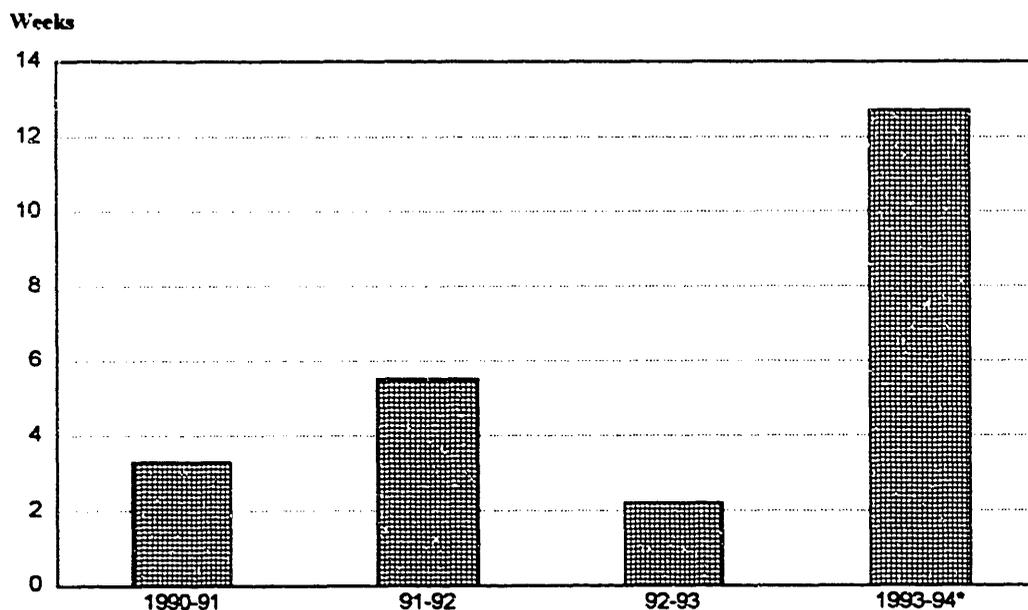
Capital account

26. Official medium- and long-term capital inflows, which have been more or less stable in the last few years, amounted to US\$ 838 million in 1993/94, of which 86 per cent consisted of project and non-project aid. Since 1991/92, private medium- and long-term capital inflows have been

significantly greater than their public counterparts, and amounted to US\$ 1,532 million in 1993/94, an increase of nearly 25 per cent over the previous year. Both public and private short-term capital flows have fluctuated considerably in recent years. The surplus on the capital account was US\$ 3,035 million in 1993/94, leading to an overall balance of US\$ 1,514 million.

27. Net international reserves increased by US\$ 1,813 million in 1993/94 after declining by US\$ 512 million the previous year. Gross official reserves at the end of 1993/94 were \$2.3 billion, equivalent to nearly 13 weeks of imports, compared to little over 2 weeks of imports at the end of the previous year (Chart 3).

Chart 3 - Pakistan - Gross reserves (excluding gold) in weeks of imports, 1990-94



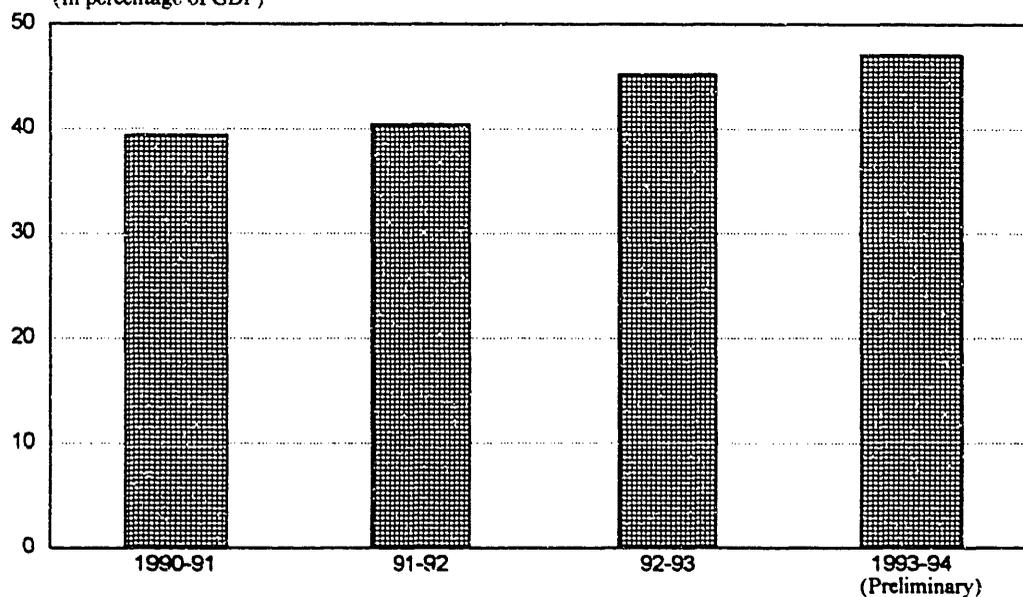
*Preliminary.
Source: IMF.

28. External debt, excluding foreign currency deposit liabilities, as a percentage of GDP increased from 45.2 per cent in 1992/93 to 47.1 per cent in 1993/94 (Chart 4A). Over the same period, the external debt service ratio (defined as the medium- and long-term debt service as a percentage of exports of goods and services and net private transfers) increased slightly from 25.2 per cent to 26 per cent (Chart 4B).

Chart 4 - Pakistan - External debt and external debt service ratio, 1990-94

A. External debt

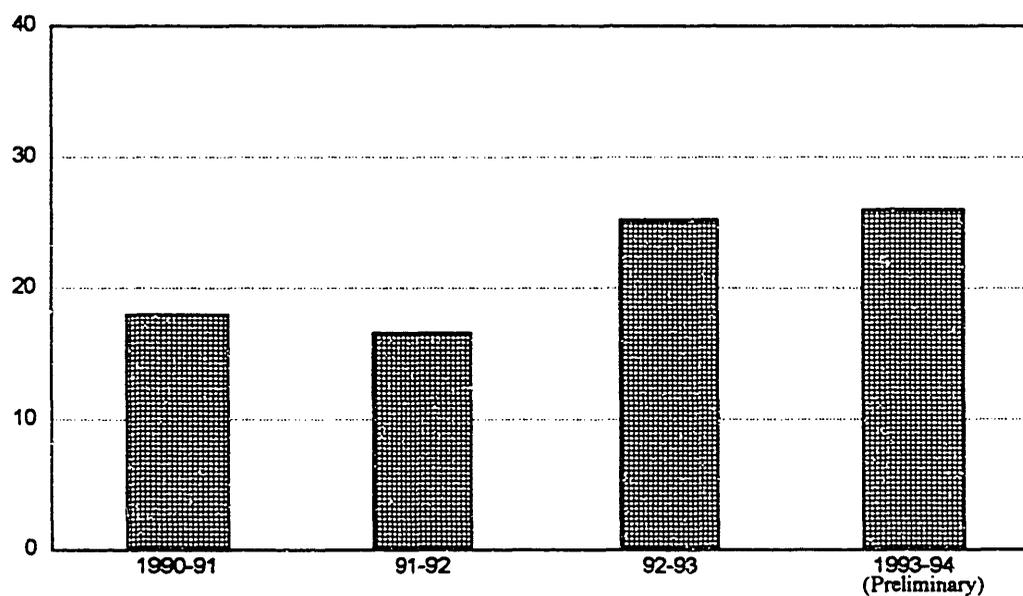
(In percentage of GDP)



Note: Excludes foreign currency deposit liabilities. In the data for 1990/91-1991/92, defense-related debt is also excluded.

Source: IMF.

B. External debt service ratio, 1990-94



Note: Medium- and long-term debt service in percent of exports of goods and services and net private transfers. The data for 1990/91-1991/92 excludes defense-related debt service (which is included in imports).

Source: IMF.

Pattern of trade

Commodity composition

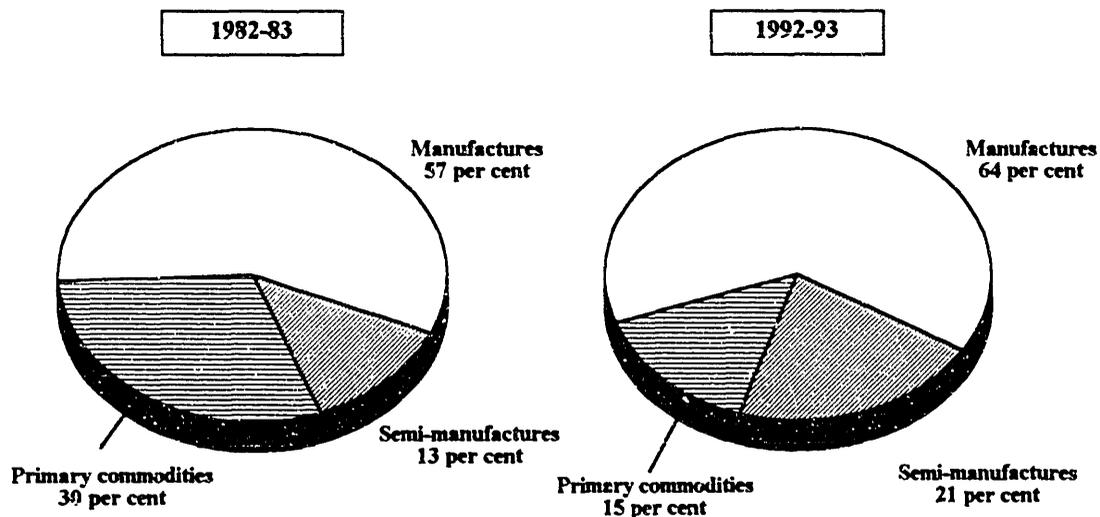
29. The composition of Pakistan's merchandise trade has changed significantly since the early 1980's. In 1982/83, primary commodities accounted for 30 per cent of exports; by 1992/93, their share had declined to 15 per cent (Chart 5A). In the same period, the proportion of manufactures and semi-manufactures increased from 57 and 13 per cent to 64 and 21 per cent, respectively. Much of this growth took place in cotton based manufacturers. In imports, the share of raw materials declined from 57 to 44 per cent, while imports of capital goods grew from 31 to 42 per cent (Chart 5B). The proportion of consumer goods in Pakistan's imports remained unchanged at 14 per cent.

30. A particular feature of Pakistan's exports is the heavy dependence on cotton-based products. Cotton and cotton-based manufactures account for about 60 per cent of Pakistan's total exports (Table 3). Other important exports include leather products, rice, fish and fish preparations and wool and carpets.

31. In imports, machinery, chemicals, petroleum and petroleum products, transport equipment and edible oils are the major items (Table 4). Product groups whose share grew substantially over the 1980-1992 period include automotive products, office machinery, other non-electric machinery and telecommunications apparatus. The share of fuel imports declined from 27 per cent to 17 per cent, reflecting largely the decline in oil prices.

Chart 5A
Pakistan exports by category, 1982/83 and 1992/93

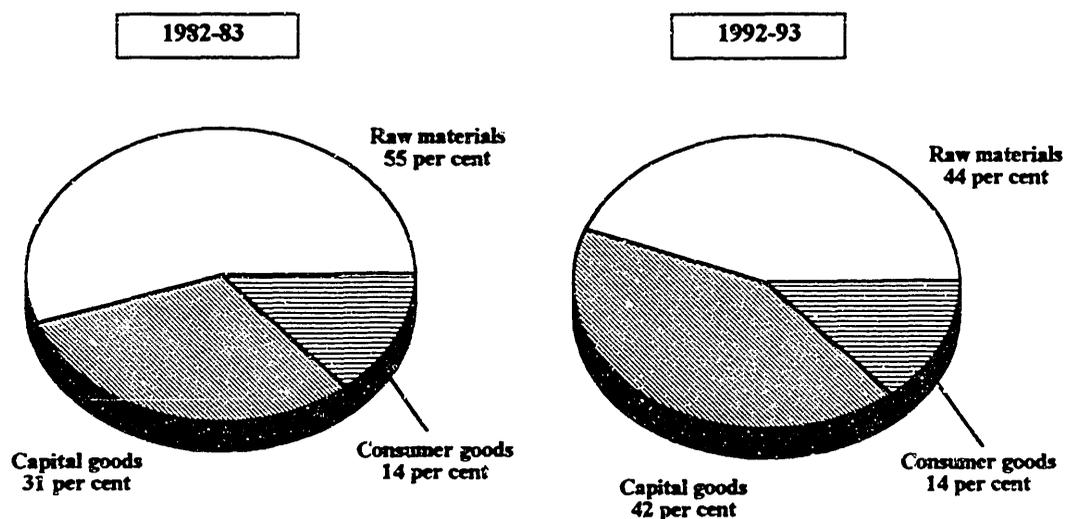
Per cent



Source: Government of Pakistan, Ministry of Commerce.

Chart 5B
Pakistan imports by category, 1982/83 and 1992/93

Per cent



Source: Government of Pakistan, Ministry of Commerce.

Table 3
Pakistan: exports by product categories, 1980-93
(US\$ million and per cent)

Commodity	1980	1985	1989	1990	1991	1992	1993
Total trade (US\$ million)	2,588.0	2,707.6	4,698.2	5,522.1	6,464.3	7,264.2	6,636.1
	(Per cent of total)						
Agriculture	44.0	35.3	28.6	19.5	19.1	19.5	17.1
Food	23.5	17.3	11.6	9.3	10.3	9.9	9.2
Agricultural raw materials	20.5	18.0	17.0	10.2	8.7	9.7	7.9
Mining	7.5	1.9	1.3	1.6	1.7	1.4	1.0
Ores	0.4	0.5	0.4	0.3	0.2	0.2	0.0
Non-ferrous metals	0.0	0.0	0.0	0.0
Fuels	7.1	1.4	0.9	1.3	1.5	1.2	1.0
Manufactures	48.2	61.9	69.7	78.7	78.9	78.8	81.7
Chemicals	0.8	3.4	0.6	0.4	0.4	0.4	0.5
Textiles	33.9	35.8	42.6	47.0	48.5	48.0	30.1
Iron & steel	0.0	0.7	0.1	0.0	0.0	0.0	0.0
Other semi-manufactures	4.8	7.1	6.4	6.5	5.0	4.1	5.1
Power generating machinery	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Agricultural machinery	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Office machinery	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-elec. machinery	0.1	0.7	0.1	0.1	0.1	0.1	0.3
Telecommunications apparatus	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other electrical machinery	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Automotive products	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other transport equipment	1.0	0.2	0.0	0.1	0.2	0.3	0.0
Furniture	0.0	0.0	0.0	0.1	0.1	0.1	0.0
Travel goods & bags	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Clothing	4.0	9.4	15.6	19.8	19.9	21.4	40.1
Footwear	0.4	0.5	0.3	0.4	0.4	0.5	0.5
Other misc. manufactures	3.0	3.8	3.8	4.1	4.3	3.8	5.0
Other	0.3	0.9	0.4	0.2	0.3	0.3	0.2

... Not available

Source: Pakistan Federal Bureau of Statistics; and UNSTAT, Comtrade database.

Table 4
Pakistan : imports by product categories, 1980-93
(US\$ million and per cent)

Commodity	1980	1985	1989	1990	1991	1992	1993
Total trade (US\$ million)	5,350.5	5,890.4	7,119.3	7,354.5	8,478.4	9,360.2	9,474.6
	Per cent of total						
Agriculture	16.4	22.4	23.0	21.3	15.9	18.8	15.2
Food	13.0	18.9	18.7	17.4	12.1	15.1	8.9
Agricultural raw materials	3.4	3.5	4.3	4.0	3.8	3.7	6.3
			0.0				
Mining	29.6	26.8	20.8	24.5	21.5	19.8	18.6
Ores	1.6	1.6	2.2	2.1	2.4	2.1	0.6
Non-ferrous metals	1.0	0.9	1.6	1.5	1.2	1.3	1.1
Fuels	27.0	24.3	17.1	20.9	17.9	16.4	16.9
Manufactures	54.0	50.7	56.0	54.1	62.4	61.3	66.1
Chemicals	13.7	11.5	15.6	16.3	16.3	15.5	16.0
Textiles	3.8	2.0	2.4	1.7	1.5	1.3	1.6
Iron & steel	4.9	3.6	4.2	3.7	3.4	3.4	2.6
Other semi-manufactures	4.2	4.2	4.2	4.1	4.1	3.8	1.0
Power generating machinery	1.0	2.2	3.4	2.9	2.9	1.3	2.2
Agricultural machinery	2.1	1.9	1.0	0.5	0.6	0.7	0.1
Office machinery	0.2	0.4	0.7	0.6	0.5	0.6	0.7
Other non-elec. machinery	7.4	8.1	9.6	9.1	14.1	17.0	20.6
Telecommunications apparatus	0.5	1.3	1.7	2.4	1.7	2.3	2.7
Other electrical machinery	2.8	3.5	4.2	3.7	5.4	4.5	2.4
Automotive products	4.7	5.0	5.5	5.8	5.6	6.3	10.4
Other transport equipment	6.6	4.8	0.8	0.7	3.6	2.1	3.3
Furniture	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Travel goods & bags	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Clothing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Footwear	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other misc. manufactures	1.9	2.2	2.7	2.5	2.6	2.4	2.5
Other	0.0	0.1	0.2	0.1	0.2	0.1	0.1

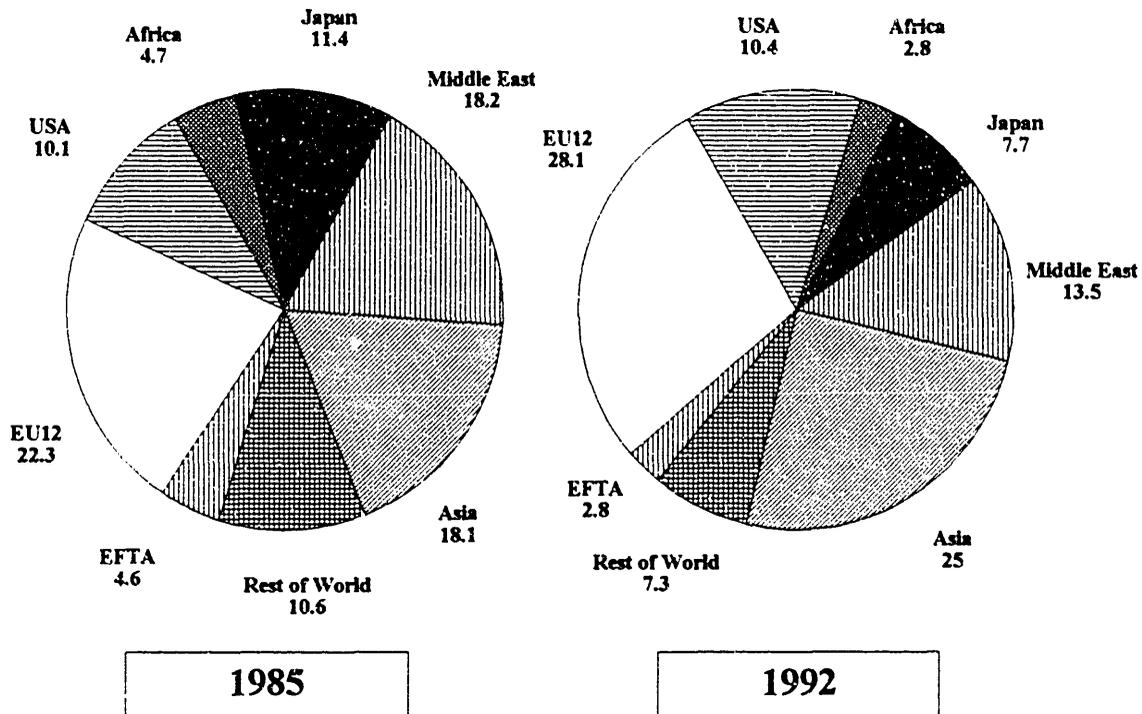
Source: UNSTAT, Comtrade database.

Regional pattern of trade

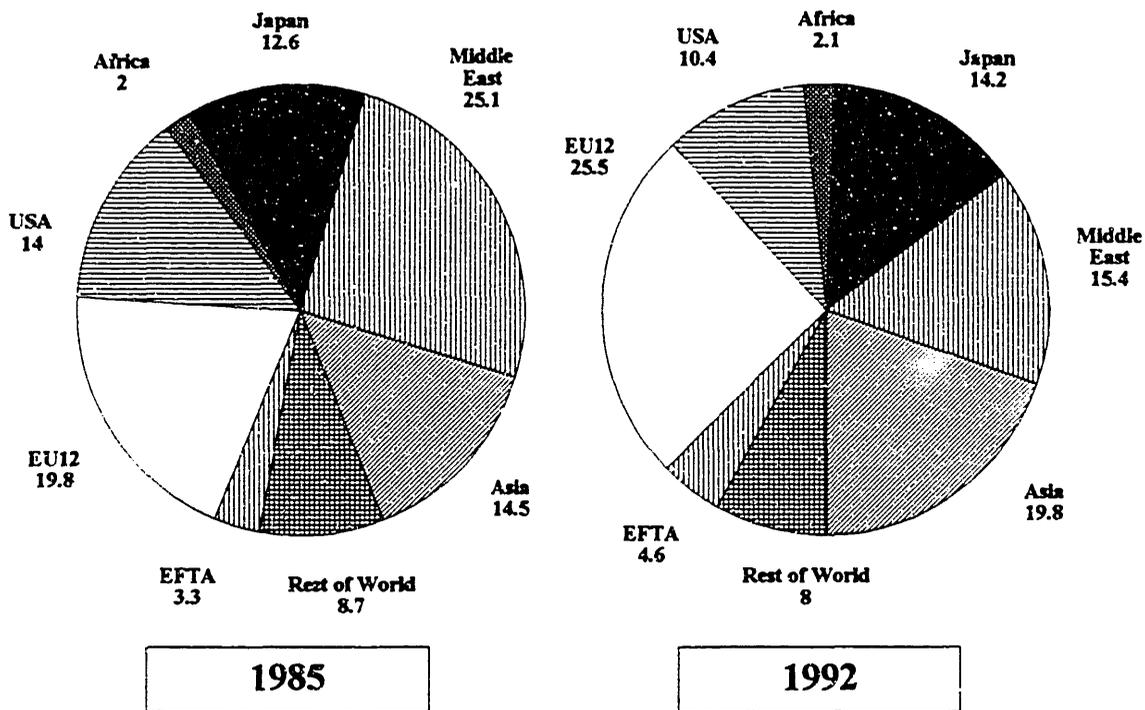
32. About two thirds of Pakistan's trade takes place with twelve trading partners. Asian and Middle East countries take about 46 per cent of Pakistan's exports and provide half its imports (Chart 6). European countries account for 33 per cent of both Pakistan's exports and imports. In exports, the share of North America and Asia has registered increases in recent years, while that of Eastern Europe, the republics of the former Soviet Union, and the Middle East has declined. In 1992, Pakistan's largest trading partner in both exports and imports was the European Union (EU), representing a share close to 30 per cent, followed by the United States, Japan and Hong Kong.

Chart 6
Direction of Pakistan's trade, 1985-92
(Per cent)

a. Merchandise exports.



b. Merchandise imports.



Source: UNSTAT, COMTRADE Database.

Annex I

Negative List - fiscal year 1994/95

(Note: Items marked * are included in Pakistan's 1991 notification of measures maintained for balance-of-payments purposes (L/6830))

The importation of following items, unless specifically authorized, is not permissible into Pakistan:

- (a) Translation of the Holy Quran without Arabic text.
- (b) Goods (including their containers) bearing any words or inscription of a religious connotation, the use or disposal of which may injure the religious feelings of any sect, class or group in Pakistan.
- (c) Goods (including their containers) bearing any obscene pictures, writings, inscriptions or visible representations.
- (d) Horror comics, obscene and subversive literature and anti-Islamic literature.
- (e) Second-hand commodities or reconditioned goods or factory rejects and goods of job-lot or sub-standard quality except second-hand/reconditioned machinery and millwork, clothing including footwear, travelling rugs and blankets, moulds and moulding dies, second-hand ships for carrying cargo and passengers, oil tankers and liquid cargo carriers, and waste, seconds and cuttings of:
 - (i) Iron and steel (excluding stainless steel sheets/plates in cut length or coils minimum width 50.8cm (20 inch) and minimum length 121.9cm (48-inch);
 - (ii) Tin sheets/plates of one side not less than 45.7cm (18-inch);
 - (iii) Stainless steel sheets and plates.
- (f) Any goods containing ingredients or parts which may be repugnant to injunctions of Islam as laid down in the Holy Quran and Sunna of the Holy Prophet (peace be upon him), including products and by-products of pigs, hogs, boars or swine.
- (g) Dyes based on benzidine or containing it.
- (h) Hazardous wastes.

Heading No.	Description
0103.0000	Live swine.
0203.0000 *	Meat and edible meat offal.
0205.0000 *	
to	
0210.0000 *	
0410.0000	Edible products of animal origin, not elsewhere specified or included.
0502.1000	Pigs "hogs" or boars, bristles and hair and waste thereof.
0504.0010	Guts, bladders and stomachs, whole and pieces thereof, of pigs, hogs, boars or swine.
0507.9010	Rhinoceros horns, whalebone and tortoise shell.
0511.9911	Products of pigs, swine, hogs or boars.
0511.9921	
0511.9951	
0511.9991	Dead pigs, swine, hogs or boars and other products thereof.
0701.9000	Other (potatoes fresh or chilled).
1211.9010	Cannabis herbs and coca leaves.
1301.9010	Cannabis resin and cannabis balsams.
1302.1100	Opium.
1302.1920	Concentrate of poppy straw; extracts and tinctures of cannabis.
1501.0010	Lard: other pig fat.
1503.0010	Lard stearin; lard oil.
2203.0000	Beverages and spirits.
to	
2207.0000	
2208.2000	Spirits obtained by distilling grape wine or grape marc.
2208.3000	Whiskies.
2208.4000	Rum and tafia.

Annex I Cont'd

Heading No.	Description
2208.5000	Gin and Genever.
2208.9000	Other (undenatured ethylalcohol, etc.).
2303.3000	Brewing and distilling dregs and waste.
2307.0000	Wine lees; argol.
2921.5900	Other (benzidine and its derivatives).
2925.1110	Paraphenctole carbamide and 5 Nitro 2nd proxy-aniline in both tablet and powder/crystalline forms.
2930.9010	Allylthiocyanate.
2939.3010	Caffeine citrate.
3604.1000 *	Fireworks.
3604.9090 *	Other (pyrotechnic articles).
3704.0010	Cinematograph film wholly or partly exposed in any Pakistani or Indian language, with or without sound track and depicting Pakistani or Indian way of life either silent or dubbed, or in which leading roles have been played by Pakistani or Indian actors or actresses.
3706.0000	Cinematograph film wholly or partly exposed and developed in any Pakistani or Indian language, with or without a sound track and depicting Pakistani or Indian way of living, either silent or dubbed, or in which leading roles have been played by Pakistani or Indian actors or actresses.
4012.1000 *	Retreaded tyres.
4012.2000 *	Used pneumatic tyres.
4301.0000 to 4303.0000	Furskins and manufacturers thereof, other than raw furskins and tanned or dressed furskins of sheep, lambs, rabbits, goats, kids thereof and calf.
5007.1090 *	Other (woven fabrics).
5007.2090 *	Other (woven fabrics).
5007.9090 *	Other (woven fabrics).
5111.0000 *	Woven fabrics of carded wool or of carded fine animal hair, other than: <ul style="list-style-type: none"> (i) Karakuli and alpaca cloth. (ii) Fabrics used as lining material.
5112.0000 *	Woven fabrics of combed wool or of combed fine animal hair, other than: <ul style="list-style-type: none"> (i) Karakuli and alpaca cloth. (ii) Fabrics used as lining material.
5208.0000 * to 5212.0000 *	Woven fabrics of cotton, except the following: <ul style="list-style-type: none"> (i) Grey cloth (fabrics containing 100% by weight of cotton, unbleached and not mercerised). (ii) Tyre cord fabrics. (iii) Karakuli cloth. (iv) Umbrella cloth. (v) Ribbon cloth/tape-cloth for typewriter and similar ribbons. (vi) Fabrics used as lining material.
5407.0000 * 5408.0000 *	Woven fabrics of synthetic filament yarn and of artificial yarn, except the following: <ul style="list-style-type: none"> (i) Karakuli cloth. (ii) Umbrella cloth. (iii) Tyre cord fabrics. (iv) Striped taffeta

Heading No.	Description	
5512.0000 *	Woven fabrics of synthetic staple fibres and of artificial staple fibres, except the following :	
to		
5516.0000 *		
	(i) Karakuli cloth.	
	(ii) Striped	
	(iii) Umbrella cloth.	
5603.0090 *	Other (non-woven, whether or not impregnated, coated, covered or laminated).	
5701.0000 *	Carpets and other textile floor coverings, except synthetic turf for hockey fields.	
to		
5705.0000 *		
5801.0000 *	Special woven fabrics, tufted textiles; lace; tapestries; trimmings, embroidery, except the following:	
to		
5811.0000 *		
		(a) cotton banding for driving machines and mechanical appliances.
		(b) Corduroy velveteen.
		(c) Laminated laces.
		(d) Special ribbon for outside wrapping including boldue.
		(e) Synthetic/nylon tape for manufacture of rubber hose.
		(f) "Velcro" tape.
		(g) Velvet fents, not exceeding one metre in length.
		(h) Woven printed and embroidered labels.
		(i) Articles of felt used in domestic electric appliances.
		(j) Polyester braided thread.
		(k) Cloth ribbon for type writer.
		(l) Elastic tapes/webbing and trimmings consisting of textile materials combined with rubber threads.
5905.0000 *	Textile wall coverings.	
5907.0019 *	Other (textile fabrics otherwise impregnated, coated or covered).	
6001.0000 *	Knitted and crocheted fabrics, except Polyurethane yarns alike, but not limited to lycra and spandex yarns.	
6002.0000 *		
6101.0000 *	Articles of apparel and clothing accessories, knitted or crocheted, except elastic bands and straps, falling in sub-heading No 6117.9090	
to		
6117.0000 *		
6201.0000 *	Articles of apparel and clothing accessories, not knitted or crocheted, except the following garments falling in sub-headings Nos. 6217.1010 and 6217.1090:	
to		
6217.0000 *		
		(a) Shoulder or other pads for garments.
	(b) Shoulder straps for garments.	
	(c) Bow for brassieres.	
6302.0000 *	Bedlinen, toilet linen and kitchen linen.	
6303.0000 *	Curtains (including drapes) and interior blinds; curtain or bed valances.	
6304.0000 *	Other furnishing articles, excluding those headings No. 94.04.	
6305.1090 *	Sacks and bags other than those of jute or of polyethylene or polypropylene.	
6305.2000 *		
6305.3900 *		
6305.9000 *		
6306.0000 *	Tarpaulins and tents.	
6308.0000 *	Sets consisting of woven fabrics and yarn, whether or not with accessories for making up into rugs, tapestries, embroidered table cloths or serviettes, or similar textile articles, put up in packing for retail sale.	
6812.5010	Clothing (of asbestos).	
8438.4000	Brewery machinery.	

Heading No.	Description
8706.0090 *	Other (chassis fitted with engines for the motor vehicles of headings Nos.87.03, 87.04 and 87.05 (other than those of trucks and fire engines).
8710.0000	Tanks and other armoured fighting vehicles, motorised, whether or not fitted with weapons, and parts of such vehicles, other than Armoured Security Vans.
9301.0000	Artillery weapons, machine-guns, sub machine-guns, automatic rifles of all calibre and other military fire-arms and projectiles (other than revolvers and pistols).
9302.0010	Revolvers and pistols of prohibited bores and of calibers higher than 0.46 inches bore.
9303.3020	Arms of prohibited bores including semi-automatic rifles and 7.62 mm and rifles of 8 mm and 9mm bores.
9303.3030	Arms of calibers higher than 0.22 bore rifles.
9303.9000	Other (fire arms and similar devices which operate by firing of an explosive charge).
9304.0000	Other arms (for example, spring, air or gas guns and pistols, truncheons), excluding those of heading No. 93.07.
9305.1000	Parts and accessories of articles of heading No 93.01 and 93.04, excluding parts and accessories of heading No. 9305.2900 barrel blanks for recoilless rifles, guns and mortars.
9305.2000	
9306.1000	
9306.2110	
9306.2900	Parts of ammunition and ammunition, except that for weapons of non-prohibited bores.
9306.3019	
9306.3029	
9306.3090	
9306.9000	
9307-0000	Swords, cutlasses, bayonets, lances and similar arms and parts thereof and scabbards and sheaths therefore.
9504.9010	Parlour games
9508.0010	Gambling equipment
9601.0000 *	Worked ivory, bone, tortoise shell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding).
9703.0000	Original sculptures and statuary, in any material
9705.0090	Other (collections and collectors pieces of mineralogical, palaeontological, ethnographic or numismatic interest).
9706.0000	Antiques of an age exceeding one hundred years.

Source: Government of Pakistan, Import Policy Order, 1994.