2018

COUNTRY REPORT-INDIA

A BILATERAL TRADE ANALYSIS OF PAKISTAN AND INDIA

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Executive Summary

India is one of the fast-growing economies in the Asia region. Over the past decades, the country has exhibited sustained economic growth with an enormous potential for trade. However, its trade relations with Pakistan has been subject to political and security issues. The total trade volume between the two countries was US$ 2,030.89 million for the year 2017 with a growth rate of 1.93 percent. This report has identified surgical instruments, men's or boys' trousers of cotton, medicaments for therapeutic purposes, marble and travertine, and flat-rolled products of iron or non-alloy steel at HS-6 digits as potential products that can be exported to India.

A comparative analysis of the identified potential products is carried out with respect to Pakistan's competitors in Indian market on the basis Export Competitive Index (ECI) ranking, – reveals product's competitiveness in the market, unit price, export share, export promotion strategies, tariff and non-tariff barriers.

Based on the analysis, this study recommends that Pakistan and India need to normalise the trade and should positively engage on the economic front with each other using the platforms provided by South Asian Association for Regional Cooperation (SAARC) and regional agreement like South Asian Free Trade Agreement (SAFTA).

It also suggests that Pakistan needs to negotiate tariff rationalisation as most the textiles products and some of the identified potential exports are in Indian Non-LDC sensitive list – facing high tariff rates, while Pakistan has already moved from positive list to negative list by including more items eligible for import from India.

Moreover, both countries need to re-assess Non-Tariff Barriers (NTBs), physical infrastructure for two-way trade facilitation and to collaborate in developing a mechanism to ensure rules of origin which will help to contain the volume of informal trade between them – which was almost double the value of formal trade in 2012-2013, and most of this was routed through a third country.

Finally, there is a need to review current restrictive visa regime to facilitate the mobility of people between the two countries.

Acronyms

APATA	Asia-Pacific Trade Agreement
ASEAN	Association of South East Asian Nations
CECA	Comprehensive Economic Corporation Agreement
EEA	European Economic Area
ECI	Export Competitive Index
ECGS	Export Credit Guarantee Scheme
FDI	Foreign Direct Investment
FOB	Freight on Board
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GST	Goods and Services Tax
ICRIER	Indian Council for Research on International Economic Relations
IGC	Intergovernmental Consultation
MFN	Most Favored Nation
NTBs	Non-Tariff Barriers
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asian Free Trade Agreement
SAPTA	South Asian Preferential Trade Agreement
TBT	Technical Barriers to Trade
TCI	Trade Complementarity Index

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1. Introduction

The study aims to identify and assess opportunities in the bilateral trade between Pakistan and India to come up with strategies for further enhancement of trade. The study has assessed potential trade opportunities in the Indian market for Pakistan in relation to its competitors. It has also highlighted the bottlenecks which may hinder trade development, particularly export promotion in the Indian market.

The first section of the study provides an overview of the Indian economy. The focus has been made on major economic indicators, its trade profile with the world to assess import and export trends from 2013 onward.

The second section reflects about the bilateral trade of Pakistan and India. Here, the aggregate export and import trends and Pakistan's major exports at HS 6-digit are analysed.

In the third section potential products are identified at HS 6-digit and analysed for ECI ranking, unit price, market share, trade barriers, and export promotion strategies in comparison to Pakistan's major competitors in the Indian market. This section is followed by a discussion about non-tariff barriers faced by Pakistani products in the Indian market. The fifth section is about other supply and demand-side issues other than tariff and non-tariff barriers. This section is followed by SWOT analysis.

The last section concludes the study and has come up with some recommendations.

2. Economic Overview

The Indian economy is one of the fast-growing economies in the world with an average Gross Domestic Product (GDP) growth of 7.16 percent from 2013 through 2017. The growth rate is featured to have a steady increasing trend over the past decades. It is the "seventh largest economy"[1] of the world with GDP of $2,611.01 billion as of 2017. The economy has attained a massive level of diversification over decades along with major macroeconomic reforms in recent years. Sector-wise contribution to GDP shows that the agricultural sector has a "17.4 percent share in GDP"[2], while industrial and services sectors contribute "31.2 and 55.2 percent" respectively. The services sector was the key driver of the Indian economic growth, and it will remain to contribute as the Indian economic survey 2017 forecasts that, the sector will contribute around "72.5 percent share in GDP growth in 2017-18"[3].

Table 1. Economic Indicators

	2013	2014	2015	2016	2017
Population(Millions)	1,249.82	1,266.26	1,282.92	1,299.80	1,316.90
Population Growth Rate (%)	1.22	1.19	1.17	1.15	1.13
GDP, Current Prices (USD Billions)	1,856.72	2,039.13	2,102.39	2,273.56	2,611.01
GDP Growth Rate (Annual Percentage)	6.4	7.4	8.2	7.1	6.7
GDP Per Capita (USD Per Annum)	1,485.60	1,610.36	1,638.76	1,749.16	1,982.70
Unemployment Rate (%)**	3.46	3.41	3.49	3.51	3.52
Inflation (Average Consumer Prices %)	9.4	5.8	4.9	4.5	3.60
Average Exchange Rate(IR/USD)	54.41	60.5	61.14	65.47	67.07
FDI Net (% of GDP) *	1.07	1.06	1.49	1.58	1.36
Current Account Balance (% of GDP)	-1.74	-1.31	-1.05	-0.67	-1.96

Sources: IMF- World Economic Outlook 2018, *Reserve Bank of India, **World Bank

The GDP growth presents a mixed pattern from 2013 onward. An increasing trend is recorded in two consecutive years following 2013. However, a slump in the growth is observed in 2016 and 2017. The slowdown in the growth is attributed to the transitory headwinds the economy faced with the introduction of macroeconomic reforms – Demonetisation and Goods and Services Tax (GST) implemented during the fiscal year 2016 and 2017 respectively. The demonetization initiative caused a "temporary cash shortages"[4] which in turn negatively affected overall economic activities in the beginning. On the other hands, GST in its initial stage surfaced temporary disruptions in the economy "in the form of transition costs"[5].

[1] IMF
[2] Economic Survey 2017-18, Volume 2, Ministry of Finance Government of India
[3] Ibid.
[4] Ibid.
[5] Ibid.

However, a recovery in private investments – prompted by a recent increase in public expenditures, and an improvement in the investment climate resulting from these reforms will contribute towards economic stability in the years ahead. According to the World Bank, the economic activity will stabilise, "maintaining annual GDP growth at 7.0% in the fiscal year 2018".

Further, it has projected the "growth to 7.4% by the fiscal year 2020"[6]. The economy contained inflation through a new inflation targeting framework as a part of its macroeconomic policies. The inflation-targeted monetary policy of the Reserve Bank of India proved effective in curtailing inflation as it reduced inflation from 9.4 percent in 2013 to 3.60 percent in 2017. The foreign direct investment depicts variations over the span of five years. It decreased to 1.36 as a percentage of GDP in 2017 as compared to 1.58 percent in 2016. However, the FDI (Foreign Direct Investment) inflow in the first and second quarter of the fiscal year 2018 shows an increasing trend. This increase is attributed to India's improvement in ease of doing business – it has jumped 30 steps forward from to in 2018.

3. Trade Overview

On its external front, the economy has experienced an improvement in trade balance between fiscal year 2013/2014 and 2015/2016. However, a 54% increase in trade deficit is witnessed over the year in 2017. Exports fell from 2013 onward to 2016 because of weak external demand and appreciation in the real effective exchange rate. Moreover, the hike in excise duties on precious metals, combined with a decrease in demand from oil exporting countries affected jewellery exports which account for 15% of total merchandise exports. However, exports slightly improved in 2017.

Table 2. Indian International Trade ***Values in USD Million***

	2013	2014	2015	2016	2017	CAGR
Exports	336,611.39	317,544.64	264,381.00	260,326.91	295,846.89	-3%
Imports	466,045.57	459,369.46	390,744.73	356,704.79	444,052.64	-1%
Trade Balance	-129,434.18	-141,824.82	-126,363.73	-96,377.88	-148,205.75	3%

Source: Trade Map

As of 2017 the export basket at HS-6 digits is dominated by diamonds (excluding industrial diamonds), articles of jewelry – of precious metal and silver, medium oils and preparations, light oils and preparations, medicaments, frozen shrimps and prawns, semi or wholly milled rice, motor cars for transportations, and parts of vehicles. Detail of the exported values for five years with an export share for 2017 is provided in table 9 in the appendix. The top export destinations for 2017 were USA, UAE, Hong Kong, China, Singapore UK and Germany's with import share of 15.58, 10.14, 5.08, 4.22, 3.91, 3.03, 2.97 percent respectively.

[6] *An Overview of The World Bank Group's Work in India: Country Snapshot, 2017*

On the other hand, after a persistence decrease in imports is observed from 2013 through 2016. However, the imports picked up sharply in the fiscal year 2017 with a growth of 24 percent (Table 2). Much of this increase was driven by 18.47 percent growth in oil imports as result of steep price increases as well as imported quantity, surged in gold imports by 8.12 percent owing to robust local demand and a transitory boom in the first half when taxes on gold were adjusted downward to align with the GST. Imports other than oil and gold also increased, driven by a strong currency and the pickup in economic activity in the second half of 2017. Top imports at HS 6-digit is provided in table10 (in the appendix) showing imported value and import share for 2017. Around 16 percent of Indian imports come from China, while USA, UAE, Saudi Arabia, Switzerland, and Indonesia with 5.4, 5.2, 4.7, 4.6, 3.7 percent share in imports respectively are the top import origins.

4. Bilateral Trade

The Political relations across the borders define the economic ties between Pakistan and India. Since partition, the political relations between the two remained highly volatile with frequent military confrontations resulted in halting the trade relations. The bilateral trade volume remains negligible as compared to their trade volume globally and neither country falls top ten trading partners category of each other. A breakthrough in bilateral trade was expected when India granted the Most Favored Nation (MFN)[7] status to Pakistan in 1996 – Pakistan is yet to reciprocate the MFN status to India, followed by the singing of SAFTA in 2006 by both countries, under the umbrella of SAARC, however, the trade relations rebound to stagnation. Despite the ambivalent political relations, a gradual improvement in the bilateral trade has been observed when Pakistan has moved from a "Positive List"[8] – (includes all those items that allowed to import) for imports from India to a "Negative List"[9] – (consist of all those items that are not allowed to import) in 2012. This shift allowed the import of 6800 items from India as compared to fewer than 2000 items allowed under the positive list structure.

On the other hand, India follows non-LDC Sensitive List for imports from Pakistan. The non-LDC Sensitive List is followed by SAFTA countries, which includes goods on which tariff concessions are not granted. India applies the same to its imports from Pakistan.

Bilateral trade statistics show that Pakistan faces a consistent deficit in its trade with India from 2013 through 2017. The trade deficit, however, improved in 2015 to USD 1,357 million down

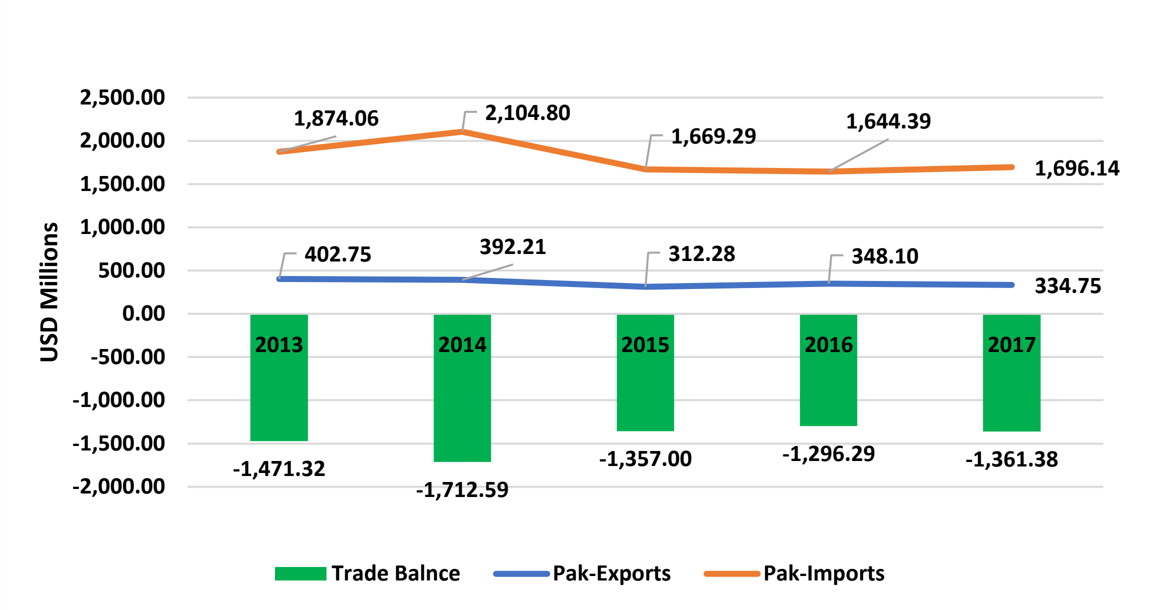
[7] Under the WTO Accord, Most Favoured Nation status when granted a country – A WTO signatory, implies that a uniform tariff will be offered to all other signatories. It is not a special status as the term might imply, but one that guarantees no discrimination and ensures the application of a uniform tariff and terms of trade to all partners.

[8] S.R.O. 766 (I) 2009 Ministry of Commerce, Government of Pakistan

[9] Ibid.

from USD 1,712.59 million in 2014, due to a decline in the imports from India from USD 2,104.80 million in 2014 to USD 1,669.29 million in 2015. The improvement in trade deficit continued in 2016 as well. However, increasing imports in 2017 offset the trend by raising the trade deficit to USD 1,361.38 million over the year.

Figure 1. Pakistan-India Bilateral Trade



Pakistan's exports to India are equally contributing to the trade deficit in the bilateral trade. The data shows (see figure 1) Pakistan's exports to India are on a steady decline from 2013 to 2015. A slight increase in the export is recorded in 2016, which again followed by a downturn in 2017.

One of the reasons for diminishing official bilateral trade between India and Pakistan is the existence of "informal trade"[10] between the two. According to a study carried out by the Indian Council for Research on International Economic Relations (ICRIER) the informal trade is estimated to be "USD 4.71 billion"[11] in 2012-2013, of which India's exports to Pakistan were "USD 3.99 billion" and imports from Pakistan were "USD 0.72 billion"[12]. The informal export basket from India to Pakistan mainly consists of livestock, readymade garments, cosmetics, spices, drugs and pharma, machinery mainly of textiles, chemicals, tyres, while informal imports from Pakistan to India includes tobacco products, dry fruits, leather products mainly footwear.

[10] Informal trade between Pakistan and India is generally carried out by illegal trade through land borders and re-routing trade through a third country

[11] (Taneja and Bimal 2017)

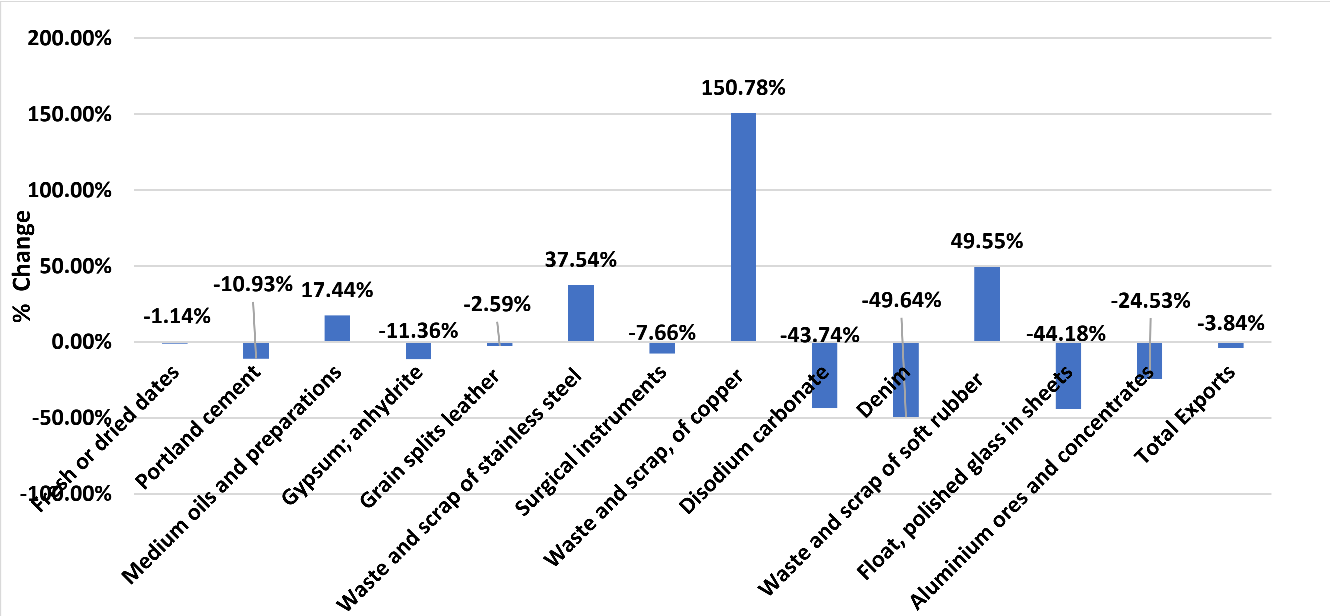
[12] Ibid.

4.1.Overview of Pakistan's Major Exports to India

Pakistan's exports to India constitute 0.08% of the Indian imports from the world for the year 2017. While they only make 1.53 percent of the total Pakistani exports for the said year. Pakistan's exports to India are highly concentrated in a few products as the top five exports make more than half the total exports to India. The Pakistani export basket is dominated by fresh or dried dates and portland cement with 26.70 percent and 19.51 percent share in its the total export to India. The share of these two items in Indian imports is recorded at 36.97 and 70.76 percent respectively. Other than these two items, the export to India comprise of medium oils and preparations, gypsum; grain splits leather, waste, and scrap of stainless steel and copper, instruments and appliances used in medical sciences, and cane or beet sugar. Detail of top 15 exports at HS 6-digit is provided in table12. It provides a five-year export trend for each product and their market share in Indian imports.

Moreover, figure 2 provides a snapshot of export growth for the year 2017. The graph depicts that overall export to India recorded a decline of 3.84 percent from 2016 to 2017. Product wise growth shows that the export of medium oils and preparations, waste and scrap of stainless steel and copper, and waste and scrap of soft rubber increased in 2017 over the year, while rest of the items recorded a decrease in the export growth.

Figure 2. Export Growth Rate w.r.t. 2016

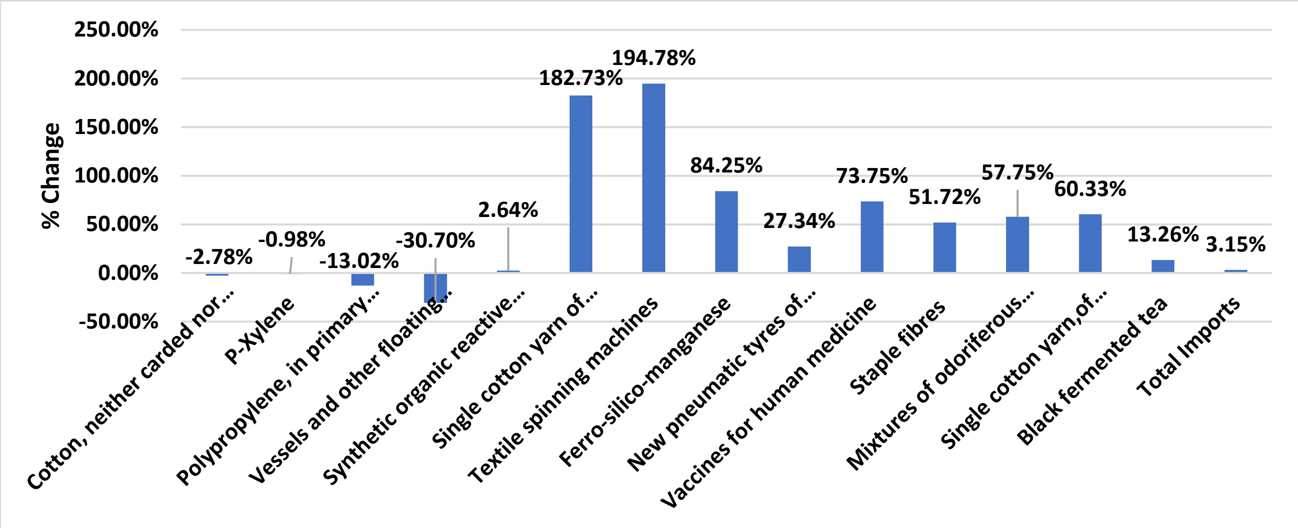


4.2.Overview of Pakistan's Major Imports from India

In 2017 the imports from India to Pakistan were USD 1,696.14 million with 2.95 percent share in Pakistan's total imports. As compared to Pakistan's export profile to India, Pakistan's import basket from India is relatively less concentrated. The top 5 products imports from India have a

26.44 percent share in Pakistan's total imports from India. The import basket is dominated by cotton neither carded nor combed, P-xylene, Polypropylene in primary forms with 26.69, 24.70, 14.18 percent respectively. Other than these items the imports are comprised of textile materials, synthetic organic reactive dyes, single cotton yarn of varying weight, staple fibre and black fermented tea. The import trend for five years and market share in Pakistan's exports of each product is provided in table 12 in the appendix.

Figure 3. Import Growth Rate w.r.t. 2016



The growth of imports as portrayed in figure 3 depict that, in 2017 over the year cotton, P-xylene, polypropylene in primary form, and vessels and floating structures at HS 6-digit record a decrease in their import. On the other hand, single cotton yarn of combed and uncombed fibre, textile spinning machines, ferro-silicomanganese, new pneumatic tyres of rubber, staple fibres, and black fermented tea recorded an increase in their import. The overall imports from India have increased by 3.15 percent as compared to Pakistan's export to India which decreased by 3.84 percent for the fiscal year 2017.

5. Potential Products and their Analysis

The following criteria were followed to identify the potential products by keeping in view both the demand and supply sides of the countries involved.

i. **Indian import of each product from the world to be US$50 million or more in value for the current year (2017)**

ii. Pakistan´s export of each product to the world to be US$20 million or more in value for the current year

iii. Product -wise share of Pakistan's export in India's Import to be 10 percent or less for the current year

The potential products identified based on the above criteria include oils and preparations, surgical instruments, pharmaceuticals, equipment for outdoor games, marble, polyethene terephthalate, cotton, flat-rolled products of iron, textile made-ups, parts of gas turbines, and telephones for a cellular network. Majority of these potential products are not in Pakistan's export basket to India implying the need to diversify export-basket for Pakistan. Further, it is also identified that among the potential products medium oils and preparations, marble and travertine, flat-rolled products of iron, and parts of gas turbines are in the Non-LDC Sensitive list of India, meaning that their export to India will face high tariff rates.

Details of the potential products at HS 6-digit is provided in Table 13. It provides a product-wise Indian import from the world, Pakistan's export to the world and Pakistan's market share in India for the year 2017.

Amongst the identified potential items, five products at HS 6-digit are analysed for ECI ranking, unit price, market share and tariff rates in the Indian market, and are compared with the competitors of Pakistan. Moreover, competitors' export promotion strategies for these products are also discussed.

5.1. Instruments and Appliances used in Medical, Surgical Sciences-901890

Pakistan's major competitors in the export of surgical instruments to India are Germany, China, Singapore, Vietnam, and Malaysia. As of export figures for 2017, Germany and Chain enjoy a lion share in the Indian market with 22.75 and 13.12 percent respectively, even though both the countries face a tariff rate of 6.8% comparatively higher than those of other competitors. However, over the period of five years, Germany's ECI ranking declined, while China has drastically improved the ranking. The other competitors including Singapore, Vietnam, and Malaysia face no tariff in the Indian market for the export of this product.

Moreover, the ECI ranking for the countries has improved from 2013 through 2017.Pakistan's export of this product account a meagre market share of 0.73 percent in the Indian market.

Though Pakistan has Improved its ECI ranking, however, it faces a tariff rate of 5 percent in the export of this product to India. The export trade statistics for five years of each competitor, average tariff rate, their market share, and ECI ranking is provided in Table 3.

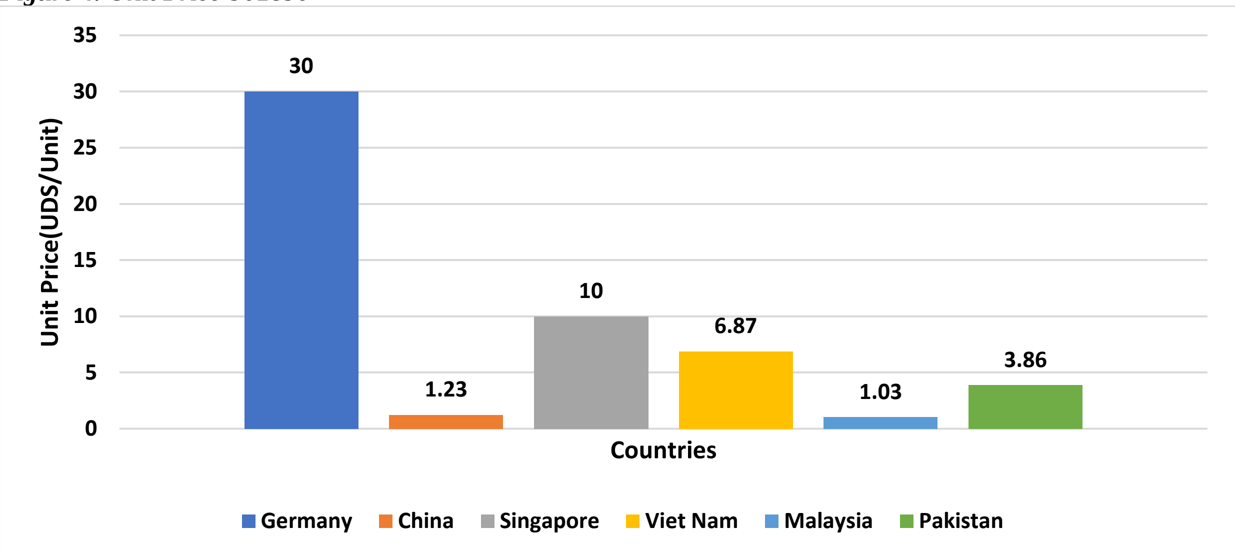
Table 3. Export of 901890 to India

Countries	Value Exported to India (USD Million)					Market Share 2017	Avg. Tariff Rate (%)	ECI Ranking	
	2013	2014	2015	2016	2017			2013	2017
Germany	155.79	160.48	133.30	142.44	139.56	22.75%	6.8	1	2
China	54.43	58.41	61.64	59.37	80.47	13.12%	6.8	9	5
Singapore	7.69	6.32	7.04	8.85	27.02	4.40%	0	5	1
Viet Nam	3.01	3.88	4.99	6.95	7.80	1.27%	0	28	20
Malaysia	1.71	1.64	2.09	2.92	5.18	0.84%	0	26	19
Pakistan	3.76	5.07	2.28	3.33	4.50	0.73%	5	29	27
Total 6 of records	226.38	235.80	211.33	223.86	264.53	43.12%			
Total Export to India	546.32	565.96	529.27	563.25	613.48				

Source: Trade Map

Analysis of unit price shows that Malaysia offers the least at USD1.23/unit followed by China and Pakistan with USD1.23/unit and USD3.86/Unit respectively. Pakistan's unit price is well below that offered by Germany, Singapore, and Vietnam.

Figure 4. Unit Price-901890



5.1.1. Competitors' Export Strategies for 901890

Among the competitors, Germany has a technological advantage over Pakistan with diversified and specialized product range. Surgical products from Germany have "CE marking"[13] – signifying that products sold in the European Economic Area (EEA) have been assessed to meet high safety, health, and environmental protection requirements. For Germany, India remained an attractive destination for investment. Germany remained a 7th highest investor in

[13] https://ec.europa.eu/growth/single-market/ce-marking_en

India. The FDI inflow from Germany was "USD 845 million"[14] during 2016-17. The investment is poured into the automobile, mechanical and engineering, chemical, and trading sector. Moreover, India and Germany have a "Strategic Partnership"[15] since 2000, which has further reinforced with the Intergovernmental Consultation (IGC) between the two governments to increase cooperation and identifying potential areas of bilateral trade and investment. Besides, a Free Trade Agreement between India and EU is under negotiation since 2007.

In the case of South East Asian competitors, India has FTA with Singapore, Malaysia, and Viet Nam- Members of ASEAN (Association of South East Asian nations). Therefore exports from these origins enjoy zero tariff rate. Moreover, it has signed a Comprehensive Economic Corporation Agreement (CECA) in bilateral capacity with Singapore and Malaysia. The agreement covers goods, services, and investment. Singapore has heavily invested in India and remained the 2nd highest investor with FDI inflow of "USD 6,529 million"[16] to India during 2016-17.

To promote exports the Malaysian External Trade Development Corporation - A national trade promotion agency of Malaysia has introduced "Market Development Grant (MDG)". Under the grant, a maximum amount of RM200,000 is provided to SMEs, trade and industry associations, chambers of commerce to undertake eligible export promotional activities. It also covers financial backing to participate in international trade fairs, trade and investment mission, listing fee for made in Malaysia products in oversea supermarkets and retail centre. On the other hand, the Vietnamese government came up with "strategy on exports and imports for 2011-2020, with visions to 2030"[17]. The strategy has set to achieve "11 percent in export growth" from 2016 through 2020 on an average. It has also prioritised orientation of export focusing on export market diversification, and on value addition.

For the export of this product, all the identified competitors face non-tariff barriers which include "contingent trade protective measures, price control measures, Technical Barriers to Trade (TBT)" – rules provide for a compulsory registration requirement of importers of pre-packed commodities. As a part of contingent trade protective measures, antidumping duty is strictly applied to Chinese export of this product to India.

[14] *Department of Industrial Policy & Promotion, Ministry of Commerce, India;*
[15] https://www.wbs-law.de/eng/doing-business-germany/international-trade/german-trade-india/
[16] Department of Industrial Policy & Promotion, Ministry of Commerce, India;
[17] Ministry of Industry and Trade, Socialist Republic of Viet Nam

5.2.Men's or boys' trousers, bib and brace, breeches and shorts of cotton- 620342

For the year 2017, the top five exporters of men or boys' trousers, shorts to India were Bangladesh, Spain, China, Italy, and Sri Lanka. Pakistan stood to be the sixth major export origin for this product. Among the competitors, Bangladesh has captured more than half of the market share while the remaining competitors have a share of less than 10 percent with a margin difference of 2 to 3 percent from each other. Similarly, the ECI rank shows that Bangladesh has maintained its ranking position from 2013 through 2017, while Spain, Italy, and Pakistan have improved the ranking in the said period. In the case of China, and Sri Lanka a decline is observed in the ranking. In addition to that, there is no tariff rate for Bangladesh and Sri Lanka to export this product to the Indian market, while Spain, China, and Italy face 12.4 percent tariff rate on the average. India also applies a tariff rate of 10.6 percent on this product for its import from Pakistan.

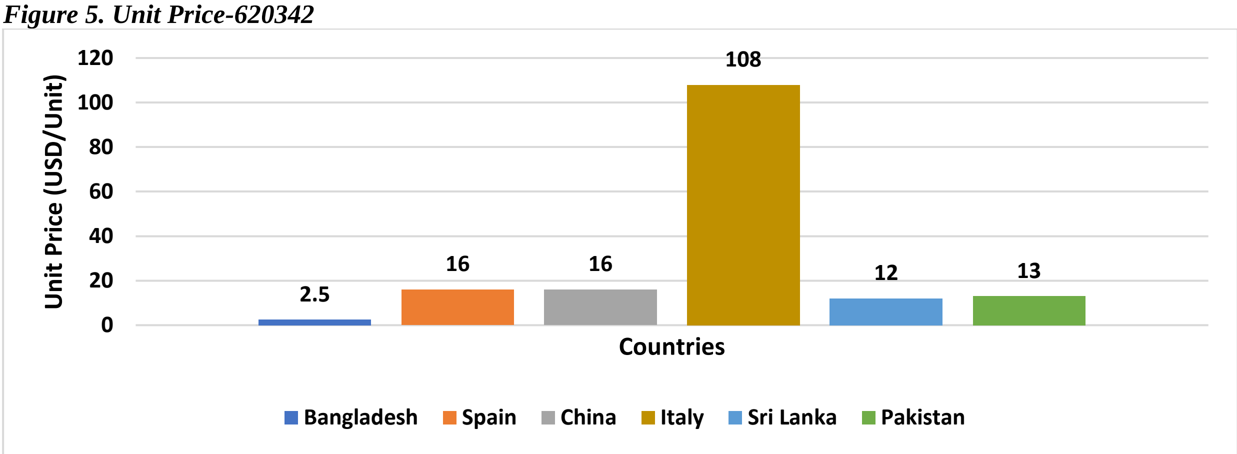
Table 4. Export of 620342 to India

Countries	Value Exported to India (USD Million)					Market Share 2017	Avg. Tariff Rate (%)	ECI Ranking	
	2013	2014	2015	2016	2017			2013	2017
Bangladesh	30.767	36.057	37.708	55.064	56.25	69.83%	0	1	1
Spain	3.526	3.94	3.736	5.386	7.048	8.75%	12.4	5	2
China	6.673	5.81	6.015	6.14	5.158	6.40%	12.4	7	9
Italy	4.338	3.517	3.339	2.602	2.514	3.12%	12.4	4	7
Sri Lanka	2.501	3.43	1.863	2.08	2.026	2.52%	0	3	5
Pakistan	0.376	0.317	0.14	0.513	1.251	1.55%	10.6	19	13
Total 6 of records	48.181	53.071	52.801	71.785	74.247	92.17%			
Total Export to India	56.559	62.065	60.726	80.668	80.554				

Source: Trade Map

As of 2017, the unit price of this product exported to India shows that Bangladesh offers the lowest unit price among all the competitors. Unit price is one of the factors for Bangladesh to capture a lion share in the Indian market for this product. Moreover, Sri Lanka and Pakistan follow Bangladesh in ascending order of the unit price, while Italy exports at the highest unit price among the identified competitors.

Figure 5. Unit Price-620342



5.2.1. Competitors' Export Strategies for 620342

The government of Bangladesh under its export policy 2015-2018 has listed textile sector as high priority sector – "benefiting from loan at reduced interest rates on a priority basis, income tax rebate, export credit at lower interest rates, duty draw-back, and duty-free import of equipment for setting up compliant industry"[18]. Moreover, textile exporters are also provided with cash incentive at the rate of 4.0 percent of 80 percent on FOB (Freight on Board) value. Further to that, the Export Promotion Bureau has in placed Export Credit Guarantee Scheme (ECGS) since 1978 for providing different type of insurance against risks undertaken by the exporters. Bangladesh is availing tariff rate concession under SAFTA and SAPTA (South Asian Preferential Trade Agreement) with India. A Spanish Export Credit Agency (CESCE) offers coverage of the risks associated with the internationalisation operations including export of goods and services of the Spanish economy on behalf of the State. The agency has supported "211 exporters and investors by ensuring their risks for more than €2,083 million"[19] in 2016. The financial institutions provide risk coverage of the interest rate by providing long-term export credits and credits of fixed interest rate. Around 85 percent of the export value of the goods/services are financed through this scheme. Italian textile sector is equipped with modern technology driven by innovation and value addition. The country has a tradition to host Milan Fashion week – one of the four major fashion weeks for textile and clothing exhibition. FDI inflow from Italy was USD 364 million in 2016-17. Sri Lanka and Pakistan have Free Trade Agreements with India in addition to that of SAFTA. Moreover, Sri Lanka also has Asia-Pacific Trade Agreement (APTA) with India.

5.3.Medicaments for therapeutic or prophylactic purposes-300490

Pakistan face competition in the export of Medicaments at HS 6-digit to India from the USA, European countries including Germany, Switzerland, UK, Italy, and Singapore from Southeast Asia. As of 2017 USA enjoys the major market share followed by European Union countries. Pakistan's share in this market for this product is negligible. It has more recently started the export of this product to India. The ECI ranking depicts that USA and Switzerland have maintained their rank s over the period of five years from 2013 to 2017, while the remaining European countries and Pakistan have a decline in the ranking. In contrast to these trends, a drastic improvement in the ECI ranking is observed for Singapore – a regional competitor of

[18] Export Policy 2015-18, Government of the People's Republic of Bangladesh, Ministry of Commerce, Bangladesh Secretariat, Dhaka

[19] http://www.comercio.gob.es/en/comercio-exterior/instrumentos-apoyo/intrumentos-financieros-apoyo/cari/Pages/cobertura-de-riesgo.aspx

Pakistan in the market for this product. Most of the exporters face a tariff rate of 10 percent on average for this product while Pakistan and Singapore faced with a tariff of 5 percent.

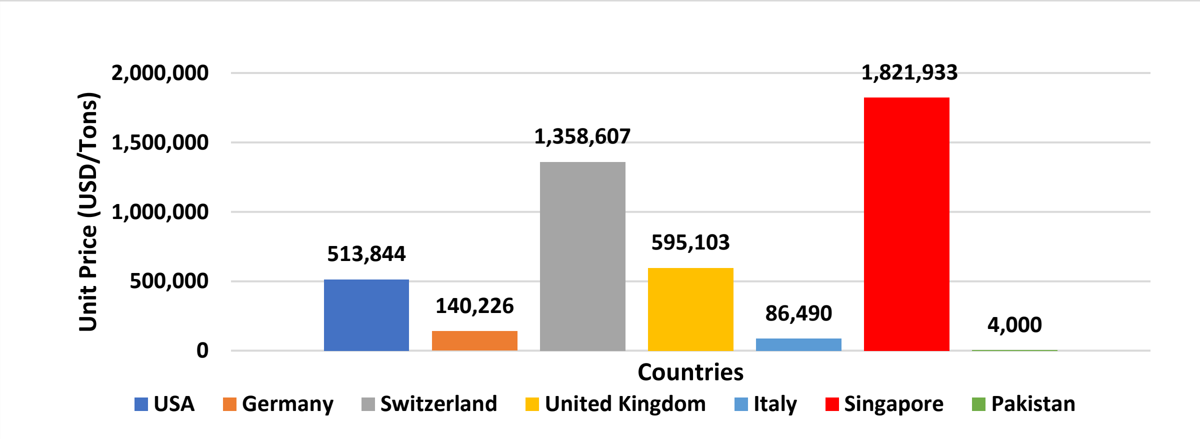
Table 5. Export of 300490 to India

Countries	Value Exported to India (USD Million)					Market Share 2017	Avg. Tariff Rate	ECI Ranking	
	2013	2014	2015	2016	2017			2013	2017
USA	82.37	109.99	130.62	154.34	183.96	25.97%	10%	2	2
Germany	67.92	91.82	94.09	99.14	107.83	15.22%	10%	3	4
Switzerland	89.34	71.40	50.64	60.98	76.08	10.74%	10%	1	1
UK	44.51	25.16	39.02	47.35	51.77	7.31%	10%	5	7
Italy	50.18	67.30	42.76	37.79	31.57	4.46%	10%	4	10
Singapore	1.85	3.58	1.05	16.19	27.33	3.86%	5%	20	5
Pakistan	0.00	0.00	0.00	0.01	0.02	0.00%	5%	52	57
Total 7 of records	336.17	369.26	358.17	415.79	478.56	67.56%			
Total Export to India	489.39	566.25	517.71	583.53	708.33				

Source: Trade Map

The unit price analysis shows that Singapore exports medicaments at the highest value among the identified competitors. Switzerland, UK, USA Germany and Italy follow Singapore in descending order of unit price value. Contrary to the competitors, Pakistan offers the least unit price. In addition to that, Pakistan has a comparative advantage in the export of this product to the Indian market due to distance factor. Thus, by its unit price and freight Pakistan can exploit this market.

Figure 6. Unit Price-300490



5.3.1. Competitors' Export Strategies for 300490

The pharmaceutical industry of USA is research driven industry with a diversified range of products The US department of commerce under its strategic plan 2018-22 highlighted innovation in the industry as the key to ensure US status of the global leader in the sector. More recently the US Secretary of Commerce announced programs to increase US commercial engagement in the Indo-Pacific region which will take place in 2018 and will highlight opportunities for US exporters in Asia. It will also kick-off recruitment for the "Trade Winds:

India"- a conference and trade mission to India and other surrounding countries where US exporters will meet with decision makers on opportunities to expand the business. The US is the 5th largest investor in India regarding direct investment. During 2016-17 the FDI inflow from the USA was USD 2,138 million. On the other hand, German pharma industry is categorised as highly innovative, embedded with cutting-edge technology, research, and high manufacturing standards coupled with the skilled workforce. In 2014 alone Euro 5.8 billion was spent on R & D in this sector.

5.4. Marble and Travertine – 251512

India imports most of the marble and travertine from Italy and Turkey. Combinedly both the countries fulfil around 79 percent of the total Indian import of this product. Other than these two countries Vietnam, Oman and Iran along with Pakistan are competing to capture the market share. The ECI ranking reveals that over the period of five years from 2013 to 2017 Italy, and Turkey and Pakistan has maintained their ranking, while a drastic improvement is observed in Oman's raking, while Iran and Vietnam have shown a decline in ranking. All these competitors face the same average tariff of 13.3 percent except Viet Nam which enjoys a lower tariff rate of 5 percent.

India has placed this product in its Non-LDC Sensitive list of imports from Pakistan, which implies that no tariff concession can be grated to Pakistan for exporting this product to India.

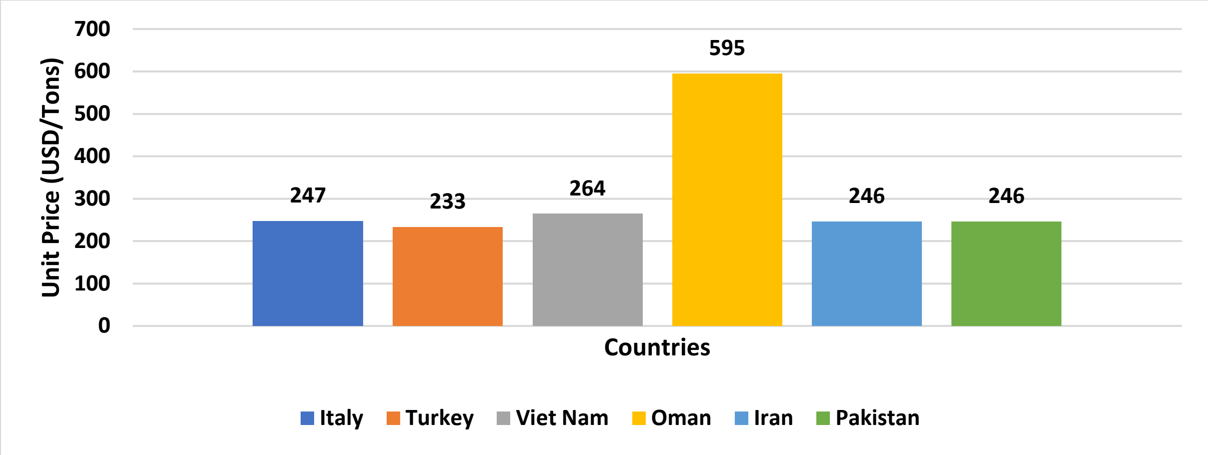
Table 6. Export of 251512 to India

Countries	**Value Exported to India (USD Million)**					**Market Share 2017**	**Avg. Tariff Rate**	**ECI Ranking**	
	2013	**2014**	**2015**	**2016**	**2017**			**2013**	**2017**
Italy	121.17	116.94	152.74	105.70	103.94	41.67%	13.3%	1	1
Turkey	55.85	64.32	89.96	64.15	93.37	37.43%	13.3%	2	2
Viet Nam	18.81	17.30	10.99	8.81	9.66	3.87%	5.0%	3	8
Oman	0.01	0.00	0.00	3.89	6.43	2.58%	13.3%	26	3
Iran	4.25	5.07	8.81	5.54	5.68	2.28%	13.3%	7	11
Pakistan	0.38	0.51	0.40	0.15	0.54	0.21%	13.3%	20	20
Total 6 of records	200.47	204.14	262.90	188.24	219.61	88.05%			
Total Export to India	225.39	227.17	294.62	213.64	249.42				

Source: Trade Map

The pattern of the unit price offered by the competitors depicts that, the unit price of most of the prices are clustered around UDS250/unit on the average except for Oman which offers the highest unit price at USD 595.

Figure 7. Unit Price - 251512



5.4.1. Competitors' Export Strategies for 251512

Almost 35 percent of the world's marble reserves are in Italy. Italy mostly exports finished and semi-finished products of marble. Eighty percent of the marble exported by Italy is processed for value addition. Turkey enjoys a competitive edge with a diversified range of products, supported by the Turkish government's new investment incentive program. The program defines certain investments in subjects including mining as "priority" and offers an exceptional scheme for them. In addition to that, the government has created "Priority Investments" Free Zones. Subject to the export regime, in the free zones goods and services are traded from Turkey without paying value-added tax. Moreover, trade between free zones and third countries is not subject to the foreign trade regime. Moreover, goods of Turkish origin in value less than USD 5,000 can be exempted from export procedures.

5.5. Flat-rolled products of iron or non-alloy steel- 721049

India imports most of the flat-rolled products of iron from Asian countries. Among the exporters for this product, South Korea enjoys the lion share in the Indian market. Japan and Chain also have a substantial share, while the market share of UAE and Nepal is very low in absolute term. The ECI ranking depicts that, South Korea and Japan have maintained their ECI ranking over a five years period from 2013 through 2017, while UAE and Nepal have shown a decrease in the ranking. Only China has improved the ECI ranking over the said period. Among the identified competitors Japan and Nepal face zero tariff rate, while South Korea faces a minimal tariff rate of 0.30 percent from Indian. The highest tariff rate faced by China and UAE at 12.50 percent.

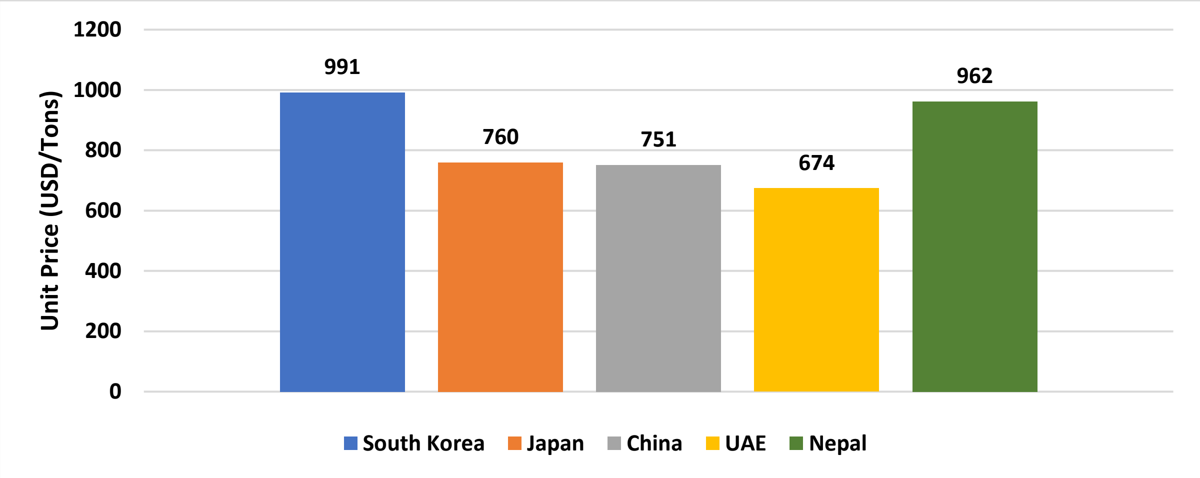
Table 7. Export of 721049 to India

Countries	Value Exported to India					Market Share 2017	Avg. Tariff Rate (%)	ECI Ranking	
	2013	2014	2015	2016	2017			2013	2017
South Korea	129.04	139.45	118.45	148.23	198.74	72.65%	0.30	1	1
Japan	131.09	90.69	69.66	43.91	47.24	17.27%	0.00	2	2
China	10.20	5.54	16.89	19.49	17.17	6.28%	12.50	4	3
UAE	7.26	1.15	13.52	5.54	1.86	0.68%	12.50	3	4
Nepal	3.41	7.81	4.93	1.64	1.74	0.63%	0.00	5	7
Total 6 of Records	280.99	244.63	223.45	218.80	266.75	97.51%			
Total Export to India	288.50	253.86	230.51	221.56	273.57				

Source: Trade Map

Analysis of unit price for the year 2017 shows that South Korea exports at the highest unit price to the Indian market followed by Nepal, Japan, and China, while UAE offers the least at USD 674/Tons.

Figure 8. Unit Price-721049



5.5.1. Competitors' Export Strategies for 721049

South Korea is the 4th largest exporter of steel in the world as per 2017 statistics. Flat products account for a significant share of South Korea's steel exports. In 2017, 72 percent of South Korea's steel exports consisted of flat products. The export of this product faces anti-dumping duty in the Indian market in addition to TBT. However, South Korea enjoys tariff concessions on its exports to India under MFN Comprehensive Economic Partnership Agreement. On the other hand, Japan's steel industry is highly competitive regarding product diversification and value addition. It is the world's second-largest steel exporter. The flat products accounted for a significant share of Japan steel exports at 69 percent as per 2017 statistics. The country also faces anti-dumping duty, TBTs and price control measures in the Indian market. Japan is the 3rd largest investor with FDI inflow USD 4237 million to India as of 2016-17. In contrast to that South Korea has invest USD 466 million as FDI in India during the same period.

6. Non-Tariff Barriers

India has been using Non-Tariff Barriers (NTBs) in its trade with Pakistan as a means to protect the local industry as well as to gain favourable terms in the trade. The identified potential products face numerous NTBs from India. The surgical instruments are under check for legal metrology, and hazardous wastes for trans-border movement. Under these checks, the items need to fulfil Technical Barriers to Trade (TBT) including labelling, packaging, marking, authorization and certification requirements. Pakistani pharmaceutical exports to India face drug and cosmetic rules for imports. NTBs of technical nature under such rules include authorization, registration, labelling, packaging, product quality and performance requirements in addition to import license fee and customs inspection fee. Central Drug Standard Control Organization of India is authorized for testing and registration of these products.

Furthermore, for textiles made-ups, it is prerequisite to fulfil SPS requirements and obtain pre-shipment certifications from internationally recognised laboratories for their export to India. Pakistan lacks internationally certified laboratories whose certifications are acceptable to the Indian authorities for textile products certification. Moreover, the textile products also face quantitative restrictions from India.

The import of marble is regulated by Plant Quarantine Order- the import of plants and plant products are subject to a permit requirement, SPS certification requirement, and inspection by an authorized officer. Further such consignments only are imported through ports of entry specified. Pakistani flat-rolled iron products also face the same NTBs of technical nature from India in addition to minimum import price. The number of NTBs applied by India on potential Pakistani exports have been presented in table 14 in the appendix.

7. Other Supply and Demand Side Issues

This section discusses demand and supply side issues other than tariff and non-tariff barriers which may hinder the bilateral trade.

7.1. Demand Side Issues

Trade normalisation has remained in turbulence between India and Pakistan as the bilateral trade between the two is hampered by the political relations and security issues. In a purely economic sense, the official trade is negatively affected by unofficial and illegal trade pursued by both sides. In addition to that, the pattern on demand-side reflects that major Indian imports include inputs for industries including light and medium oils and preparations, copper, aluminium, natural gas, coal and another item including diamond including non-industrial diamond, parts of telephone sets, and crude palm oil. Trade Complementarity Index (TCI) – measures how well the structure of a country's exports match with imports from another country. In the case of Pakistan and India, it reveals that India's exports match Pakistan's imports more than vice versa. Trade complementarity shows that major Indian imports and Pakistan's major export do not complement each other as shown in table 8. Pakistan cannot cater to the demand for manufactured goods – major Indian imports due to its low scale production of industrial goods coupled with lack of technological advancement in the industrial sector.

Table 8. Pak-India Tarde Complementarity

Pakistan's Top Exports to the World (USD million)			India's Top Imports from the world (USD million)		
HS Code	**Product Label**	**Exported Value 2017**	**HS Code**	**Product Label**	**Imported Value 2017**
'100630	Semi-milled or wholly milled rice	1512.694	'270900	Petroleum oils and oils	82,028.33
'620322	Men's or boys' ensembles of cotton	1291.728	'710812	Gold, incl. gold plated with platinum	36,065.84
'520512	Single cotton yarn, of uncombed fibres	811.873	'710231	Non-industrial diamonds unworked	19,450.08
'630231	Bedlinen of cotton	810.93	'270119	Coal, whether or not pulverized	19,062.43
'630260	Toilet linen and kitchen linen	805.01	'851770	Parts of telephone sets	11,298.21
'630239	Bedlinen of textile materials	669.978	'710239	Diamonds, worked	7,799.88
'630210	Bedlinen, knitted or crocheted	665.344	'271111	Natural gas, liquefied	7,208.34
'520942	Denim	482.494	'151110	Crude palm oil	4,579.10
'620342	Men's or boys' trousers, and shorts, of cotton	410.423	'854140	Photosensitive semiconductor devices	4,530.54
'630710	Floorcloths, dishcloths, dusters	407.123	'999999	Commodities not elsewhere specified	4,016.97
'220710	Undenatured ethyl alcohol	361.533	'260300	Copper ores and concentrates	3,901.13
'901890	Instruments Instrument	360.575	'851762	Machines for the reception, conversion and transmission	3,568.57
'170199	Cane or beet sugar and chemically pure	342.901	'851712	Telephones for cellular networks "	3,411.92
'610590	Men's shirts of textile materials	310.704	'710122	Cultured pearls, worked	3,227.20
'420310	Articles of apparel, of leather	275.584	'271019	Medium oils and preparations, of petroleum	3,115.88

Source: Trade Map

In addition to that, the bilateral trade shows that Pakistan exports to India are dominated by raw materials for industrial goods and input for other finished items. Within the top fifteen exports to India, only fresh or dried dates, Portland cement, surgical instruments and denim of cotton are the finished products.

It is observed that among the fifteen potential export items, five are in the Non-LDC sensitive list imposed by India. Moreover, NTBs are more strictly applied by India on those items in which Pakistan has a comparative advantage, i.e. textiles and some agricultural products and surgical instruments.

7.2. Supply Side issues

On the supply side, Pakistan faces issues related to merchandise's production and export. Non-compliance with mandatory quality standards and absence of country-cum- product-specific marketing are the main highlights Pakistan faces. There is a need to develop the capacity of the production sector to comply with the TBT and SPS standards to increase exports along with making marketing more dynamic.

The following section discusses the supply-side issue for the potential products discussed in the previous section

7.2.1. Surgical Instruments

One of the major problems the surgical instrument industry of Pakistan faces is the absence of brand names. Despite having a long history of more than six decades. The absence of brand names deprives the industry to participate directly in business tenders to cater to the consumers in the international markets. It also adversely affects bargaining power in business deals. In addition to that, due to the absence of brand names, Pakistani surgical products are distributed in the international market by international distributors and traders.

This industry demands employment of high technology concerning production owing to its nature of production, and everchanging scientific developments and needs in the medical sciences. However, in Pakistan, this industry lacks availability of sophisticated technology as well as a technically equipped human resource. In addition to that, the industry faces increasing cost of raw materials. In recent years the export of steel scraps, surgical forgings, and semi and unfinished products has increased, causing a rise in the cost of production for surgical instruments. Steel scrap fulfils approximately 45 percent of the requirement metal-related industries in the country, and it is heavily employed in the production of surgical instruments. Thus, its shortage of supply-side adversely affects the surgical industry.

7.2.2. Apparels and Textile Made-ups

Pakistan’s textile industry is competitive because high-quality cotton and experienced, cost-competitive labour are locally available. However, the industry needs to modernise its plants and manufacturing processes to compete in the international market.

Further, the textile export basket of Pakistan is limited to garments and made-ups. Product diversification is necessitated as demand for differentiated products is increasing in the global market. Therefore, value-added products such as, technical textiles children wear, geotextiles, lingerie, beachwear, leisure wear, and medical textiles can be considered for production.

In addition to that, synthetic man-made apparel is replacing cotton-based apparel in the world market and the demand for the use of man-made fibre and other natural fibres in comparison to cotton has attained the ratio 70:30 as compared to 30: 70 in previous years, while Pakistani products are heavily dependent on cotton. It implies the incorporation of the man-made fibre in textile production. However, to produce man-made fibre locally, Polyester Staple Fibre (PSF) and polyester are imported which face the customs duty of 16 and 11 percent respectively.

7.2.3. Pharmaceutical Industry-Medicaments

The pharmaceutical industry is faced with regulation from the government in the form of pricing control. The government has come up with a policy provision of 'price freeze'[20], since 2001. Under this provision prices of medicines stagnated at a certain level, making the firms not to increase the price of their products despite a considerable increase in the cost of production, thus impeding, the growth of business and competition in the industry. There is a need to develop a synergy between the industry and the government in price regulation. Price regulation should safeguard consumers, at the same time it should not usurp the growth of industry making its survival under threat in the competitive market.

In addition to that, innovation through research is one of the driving force in the pharmaceutical industry to expand over the time and meet the ever-changing demand of the customers. There is a dearth of reach in the pharmaceutical industry of Pakistan. According to, Policy Research Institute of Market Economy "out of the 1,465 active molecules used in manufacturing drugs in Pakistan, none of the molecules is the outcome of research in the Pakistani pharmaceutical sector". Rather the industry's manufacturing is based on research carried out elsewhere. In addition to that, the country lacks in having a single World Health Origination (WHO) standard laboratory for quality assurance tests. Such tests are a prerequisite for the export of pharmaceutical goods to the developed countries more specifically.

Similarly, most of the firms in this industry lacking to adopt new technology for production. Only the firms with decent economies of scale have incorporated new technological trends in their production, while at the lower end of the spectrum, most of the firms employ old machinery and technology for production. Thus, to increase production, there is a need to equip the industry with new technology, as well as research and development are needing to make part of the culture in the industry. Moreover, the government needs to facilitate in providing a standard laboratory testing facility to expedite exports at least to the developed world.

7.2.4. The Iron and Steel Industry- Flat or rolled Iron

Against all the odds, Pakistan's Iron and Steel industry has shown a high growth in recent years mainly driven by increasing public spending on infrastructure projects and surge in private construction in the country. However, the industry lack augmentation of modern technology and latest production methods. At present, the industry produces 95 percent of steel by using the induction furnace technology which is both obsolete as well as environmentally hazard. New technological methods of steel production like Blast Furnace (BF) technology or Electric-

[20] Pakistan's Pharmaceutical Industry, Pakistan Pharmaceutical Manufacturers' Association, Policy Research Institute of Market Economy, Annual report, 2017

Arc Furnace (EAF) are being adopted worldwide to maintain the global standard of the products. Moreover, the industry is not operating at its full capacity, only 60% of the capacity is being utilized currently.

8. SWOT Analysis

This section complements and builds upon analysis carried out in the previous sections. To give a concise overview of the strengths, weaknesses, opportunities, and threats for increasing export to India it utilizes the findings from potential product analysis.

Strength:

- Low unit price of potential Pakistani exports to India on average as compared to existing competitors.
- Geographical proximity is a natural advantage for both over their respective competitors in trade.
- Competitive advantage in export of some of the agricultural and textile products to India.
- Least distance and cheap labour - comparative advantage compared to other competitors.

Weakness:

- Pakistani exports have a very low share in Indian imports, i.e. 0.08 percent as of 2017.
- Persistent deficit in trade balance for Pakistan.
- A limited basket of export items dominated by raw material and inputs for industrial goods.
- Very low trade complementarity, i.e. Pakistan's majority exports to the world do not complement with major Indian imports from the world.
- Weaknesses in the 'rules of origin' (on both side) resulting in trade routed through a third country.
- A binding constraint in trade is lack of infrastructure at both sides of the Attari-Wagah border.

Opportunities:

- Fast-growing economy in the region, as it sustained economic growth on the average 7.5% for the last five years.
- Second largest populous country in the world, with expanding consumer market.

Threats:

- Volatile security and political relations on both side determining trade relations.
- Continuation of the Non-LDC sensitive list by India.
- Non-Tariff Barriers are being excessively used by India especially in the products like textile where Pakistan has a competitive edge.

- the trend of informal trade volume between the two countries is increasing. Informal exports from India were recorded to be USD 3.99 billion in 2012-2013, mainly consisted of readymade garments, cosmetics and jewellery, spices, pharma, machinery and, tyres.
- India’s trade agreement with ASEAN, and the Asia Pacific region.

9. Conclusion and Recommendations

Despite being the largest economies of South Asia and members of regional cooperation bilateral trade between Pakistan and India presents a dismal picture. The bilateral trade between the two is recorded as USD 2.03 billion for the fiscal year 2016-17 with a compound annual growth rate of -2.26 percent over five years. Pakistan's exports account only 0.08 percent of Indian's total imports. Bilateral trade is further constrained by adopting restrictive trade measures including tariff and non-tariff barriers on both sides in addition to trade relation's sensitivity to security conditions across the border. Such restrictions have provided incentives for informal trade, which is many folds of the formal trade between the two. Pakistan's existing export basket to India is dominated by industrial raw materials and other input items. This study has identified surgical instruments, medicaments, men or boys' trousers, marble, and flat-rolled iron as the potential exports items to India where Pakistan enjoys economies of scale regarding comparative and competitive advantage in the Indian market. Under current circumstances there exists substantial trade potential between Pakistan and India. Both countries can benefit from their competitive advantage through trade normalisation. Therefore, governments on both sides need to act proactively to normalise the trade relationships to benefit from each other in the long run. Hence, the following options can be explored to enhance the bilateral trade.

- Both countries need to reach out for trade normalization which should be followed by assessing tariff and non-tariff barriers on both sides. For trade normalization the platform of SAARC and regional trade agreement SAFTA can be effectively utilised.
- The Government of Pakistan needs to include value added products in its export basket to India, as the current export basket mainly consisted of raw materials for Indian industrial production.
- Pakistan needs to negotiate tariff rationalisation as most the textiles products, and some of the identified potential export are in the Non-LDC sensitive list – facing high tariff rates.
- Both countries need to discuss NTBs to reach a mutually acceptable resolution. Such resolution should at least provide concession to Pakistan on its potential export items including textile items.
- Physical infrastructure is needed to be upgraded for two-way trade facilitation. The only border currently in use is Attari-Wagah, which lacks adequate customs and warehousing facilities.
- Both countries should collaborate to develop a mechanism to ensure rules of origin to reduce the volume of informal trade in addition to other steps for trade normalization.

- There is a need to review current restrictive visa regime to facilitate travel and arrangements are also needed to address the encumbered process of transactions across the borders.

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Appendix

Table 9. Indian Top Exports to World

HS Code	Product label	Exported Value (USD Million)					Share in Total Exports 2017
		2013	2014	2015	2016	2017	
710239	Diamonds, worked, but not mounted	27,084.56	22,475.22	20,561.53	22,440.71	22,875.31	7.73%
'271019	Medium oils and preparations, of petroleum	46,921.81	40,682.15	17,999.08	16,083.65	22,242.95	7.52%
'271012	Light oils and preparations, of petroleum	19,765.20	19,742.79	12,082.21	10,665.75	12,473.33	4.22%
'300490	Medicaments consisting of mixed or unmixed products	8,375.46	8,288.88	9,330.57	9,798.21	9,665.17	3.27%
'711319	Articles of jewellery and parts of precious metal	9,572.68	11,222.49	7,393.42	9,205.94	8,388.38	2.84%
'100630	Semi-milled or wholly milled rice	7,754.82	7,537.68	5,976.79	5,057.56	6,640.91	2.24%
'030617	Frozen shrimps and prawns, even smoked	2,579.53	3,658.51	3,072.99	3,461.95	4,628.67	1.56%
'711311	Articles of jewellery and parts thereof, of silver, whether or not plated	1,029.91	1,864.72	2,597.90	3,347.94	4,390.13	1.48%
'020230	Frozen, boneless meat of bovine animals	4,410.70	4,719.04	4,030.28	3,680.62	3,939.96	1.33%
'870322	Motor cars and other motor vehicles principally designed for the transport of persons	3,540.09	3,236.80	2,953.33	3,396.13	3,475.64	1.17%
'870899	Parts and accessories, for tractors, motor vehicles for the transport	2,588.98	2,696.06	2,463.20	2,379.88	2,485.31	0.84%
'740311	Copper, refined, in the form of cathodes and sections of cathodes	2,334.13	2,578.06	1,926.25	1,493.90	2,425.16	0.82%
'710812	Gold, incl. gold plated with platinum, unwrought	2,442.97	2,432.63	5,311.66	4,329.59	2,248.40	0.76%
'760110	Aluminium, not alloyed, unwrought	746.82	1,126.82	1,331.39	1,447.14	2,211.12	0.75%
'890590	Light-vessels, fire-floats, floating cranes and other vessels	642.25	1,729.11	1,531.02	1,247.11	1,997.91	0.68%
Total of 15 Records		139,789.91	133,990.97	98,561.61	98,036.07	110,088.37	37.21%
All products		336,611.39	317,544.64	264,381.00	260,326.91	295,846.89	100.00%

Source: Trade Map

Table 10. India's Top Imports from World

HS Code	Product label	Imported Value (USD Million)					Share in Total Imports 2017
		2013	2014	2015	2016	2017	
'270900	Petroleum oils and oils obtained from bituminous minerals	148,046.66	135,826.20	72,321.67	60,869.09	82,028.33	18.47%
'710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes	34,388.82	30,435.29	34,665.41	22,803.62	36,065.84	8.12%
'710231	Non-industrial diamonds unworked or simply sawn, cleaved or bruted (excluding industrial diamonds)	15,386.95	17,392.10	13,561.01	16,455.73	19,450.08	4.38%
'270119	Coal, whether or not pulverised, non-agglomerated (excluding anthracite and bituminous coal)	14,571.85	15,284.44	12,334.44	11,734.26	19,062.43	4.29%
'851770	Parts of telephone sets, telephones for cellular networks or for other wireless networks	2,678.57	2,725.30	5,018.19	6,376.47	11,298.21	2.54%
'710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	7,136.33	4,211.93	2,822.53	2,453.64	7,799.88	1.76%
'271111	Natural gas, liquefied	8,311.49	9,888.69	7,128.74	5,425.47	7,208.34	1.62%
'151110	Crude palm oil	4,884.72	5,319.60	4,571.72	3,666.91	4,579.10	1.03%
'854140	Photosensitive semiconductor devices, incl. photovoltaic cells whether or not assembled	1,069.46	774.78	2,056.74	3,157.24	4,530.54	1.02%
'999999	Commodities not elsewhere specified	11,504.70	10,599.27	10,852.22	10,613.42	4,016.97	0.90%
'260300	Copper ores and concentrates	7,443.38	5,320.21	4,093.65	2,458.41	3,901.13	0.88%
'851762	Machines for the reception, conversion and transmission or regeneration of voice, images	1,420.25	2,215.59	2,565.38	2,395.81	3,568.57	0.80%
'851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	5,934.10	7,433.81	6,949.61	4,071.86	3,411.92	0.77%
'710122	Cultured pearls, worked, whether or not graded, but not strung, mounted or set	177.01	802.02	902.68	1,343.64	3,227.20	0.73%
'271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel	3,097.13	3,272.37	2,064.90	2,233.72	3,115.88	0.70%
Total of 15 Records		266,051.41	251,501.59	181,908.89	156,059.28	213,264.42	48.03%
All products		466,045.57	459,369.46	390,744.73	356,704.79	444,052.64	100.00%

Source: Trade Map

Table 11. Pakistan's Top Exports to India

HS Code	Product label	Exported Value (USD Million)					India's Imports from World 2017	Share in India's Total Imports from World 2017	Pakistan's Export toWorld 2017
		2013	2014	2015	2016	2017			
'080410	Fresh or dried dates	73.41	63.64	67.93	90.40	89.38	241.75	36.97%	107.488
'252329	Portland cement	24.60	35.91	36.91	73.31	65.29	92.27	70.76%	208.18
'271019	Medium oils and preparations, of petroleum	18.43	7.86	0.55	12.25	14.38	3,115.88	0.46%	142.87
'252010	Gypsum; anhydrite	14.85	13.72	12.30	15.74	13.95	102.69	13.58%	14.02
'410712	Grain splits leather "incl. parchment-dressed leather"	10.81	14.13	19.46	13.95	13.59	7.56*	179.89%	114.40
'720421	Waste and scrap of stainless steel	11.59	13.49	7.19	8.08	11.11	1,099.44	1.01%	11.66
'901890	Instruments and appliances used in medical sciences	5.87	7.45	10.96	11.60	10.71	613.48	1.75%	360.58
'740400	Waste and scrap, of copper	28.82	27.55	9.22	3.42	8.56	793.44	1.08%	85.88
'170199	Cane or beet sugar and chemically pure sucrose	27.00	0.00	0.00	0.00	8.19	5.22*	156.93%	342.90
'310229	Double salts and mixtures of ammonium sulphate	0.00	0.00	0.00	0.00	7.27	0.84*	869.02%	34.08
'283620	Disodium carbonate	7.23	8.99	8.70	10.43	5.87	159.05	3.69%	6.61
'520942	Denim, containing >= 85% cotton by weight	7.51	10.84	14.14	10.15	5.11	13.15	38.87%	482.49
'400400	Waste, parings and scrap of soft rubber	0.52	1.56	2.20	2.90	4.34	20.69	20.99%	6.99
'700529	Float glass and surface ground and polished glass in sheets	5.69	16.97	4.72	6.98	3.90	35.19	11.08%	4.82
'260600	Aluminium ores and concentrates	0.05	1.41	1.65	4.69	3.54	119.81	2.96%	3.54
Total of 15 Records		236.38	223.51	195.92	263.90	265.19	6,420.43	4.13%	1,926.48
'TOTAL		402.75	392.21	312.28	348.10	334.75	444,052.64	0.08%	21,877.79

Source: Trade Map * Ambiguous figures

Table 12.Pakistan's Top Imports from India

HS Code	Product label	Imported Value (USD Million)					India's Exports to World 2017	Share in India's Exports to World 2017	Pakistan's Imports from World 2017	Sharein Pakistan's Imports from World 2017
		2013	2014	2015	2016	2017				
'520100	Cotton, neither carded nor combed	294.98	282.02	273.47	209.06	203.25	1,660.39	12.24%	761.46	26.69%
'290243	P-Xylene	123.72	82.79	27.50	67.80	67.14	1,260.63	5.33%	271.77	24.70%
'390210	Polypropylene, in primary forms	90.72	114.18	84.63	76.01	66.11	484.31	13.65%	466.09	14.18%
'890800	Vessels and other floating structures for breaking up	14.63	62.65	39.36	91.04	63.09	1.10*	5730.52%	556.43	11.34%
'320416	Synthetic organic reactive dyes	29.65	44.37	49.10	47.66	48.91	606.25	8.07%	85.19	57.41%
'520524	Single cotton yarn, of combed fibres, containing >= 85% cotton by weight	4.53	3.34	1.68	16.48	46.58	794.59	5.86%	48.92	95.22%
'844520	Textile spinning machines (excluding extruding and drawing or roving machines)	3.19	7.38	8.01	14.31	42.17	179.80	23.45%	91.80	45.94%
'720230	Ferro-silico-manganese	15.60	17.86	16.88	22.04	40.60	801.20	5.07%	41.09	98.82%
'401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries	16.68	17.10	21.79	30.69	39.09	444.86	8.79%	253.67	15.41%
'300220	Vaccines for human medicine	6.33	16.01	8.66	18.68	32.45	611.95	5.30%	208.24	15.58%
'520527	Single cotton yarn, of combed fibres, containing >= 85% cotton by weight	22.89	27.75	21.25	23.63	28.68	111.53	25.71%	35.52	80.75%
'550410	Staple fibres of viscose rayon, not carded, combed or otherwise processed for spinning	24.39	35.93	31.85	18.22	27.64	309.91	8.92%	292.89	9.44%
'330290	Mixtures of odoriferous substances and mixtures	9.19	10.88	11.95	16.25	25.63	207.41	12.36%	56.58	0.10%
'520513	Single cotton yarn, of uncombed fibres, containing >= 85% cotton by weight	3.42	4.59	4.62	13.60	21.80	169.01	12.90%	21.80	0.04%
'090240	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings **...**	27.59	24.24	23.85	18.25	20.67	674.72	3.06%	536.87	0.93%
Total of 15 Products		0.69	0.75	0.62	0.68	0.77	8.32	9.30%	3.73	0.01%
'TOTAL		1,874.06	2,104.80	1,669.29	1,644.39	1,696.14	295,846.89	0.57%	57,440.01	100.00%

Source: Trade Map * Ambiguous value

Table 13. Pakistan's Potential Exports to India

Product code	Product label	Pakistan's exports to India	Pak-Market Share	India's imports from the world	Pakistan's exports to the world	In Non-LDC List: Y=Yes, N=No
271019	**Medium oils and preparations**	**14.38**	**0.46%**	**3115.88**	**142.87**	**Y**
'901890	Instruments and appliances used in medical, surgical or veterinary sciences	10.71	1.75%	613.48	360.58	N
'950699	Articles and equipment for sport and outdoor games	0.49	0.48%	100.25	27.55	N
'251512	**Marble and travertine, merely cut, by sawing**	**0.41**	**0.17%**	**249.42**	**25.06**	**Y**
'390769	Poly"ethylene terephthalate"	0.28	0.27%	104.66	37.54	N
'520100	Cotton, neither carded nor combed	0.20	0.02%	961.61	60.95	N
'620342	Men's or boys' trousers, and shorts, of cotton	0.04	0.04%	80.55	410.42	N
'300490	Medicaments consisting of mixed or unmixed products	0.01	0.00%	708.33	70.79	N
'270900	Petroleum oils and oils obtained from bituminous minerals	0.00	0.00%	82028.33	114.48	N
'300439	Medicaments containing hormones or steroids	0.00	0.00%	71.47	48.65	N
'731029	Tanks, casks, drums, cans, boxes	0.00	0.00%	75.10	37.58	N
'901580	Instruments and appliances used in geodesy, topogray	0.00	0.00%	156.68	33.70	N
'721049	**Flat-rolled products of iron or non-alloy steel**	**0.00**	**0.00%**	**273.57**	**31.18**	**Y**
'730690	Tubes, pipes and hollow profiles	0.00	0.00%	51.32	44.03	N
'841451	Table, floor, wall, window, ceiling or roof fans	0.00	0.00%	75.14	28.22	N

Source: Trade Map

Table 14. Non-Tariff Barriers on Pakistan's Potential Export Items

Product code	Product label	Number of non-tariff requirements applied by India
271019	Medium oils and preparations	19
'901890	Instruments and appliances used in medical, surgical or veterinary sciences	9
'950699	Articles and equipment for sport and outdoor games	3
'251512	Marble and travertine, merely cut, by sawing	13
'390769	Poly"ethylene terephthalate"	9
'520100	Cotton, neither carded nor combed	5
'620342	Men's or boys' trousers, and shorts, of cotton	5
'300490	Medicaments consisting of mixed or unmixed products	12
'270900	Petroleum oils and oils obtained from bituminous minerals	11
'300439	Medicaments containing hormones or steroids	12
'731029	Tanks, casks, drums, cans, boxes	3
'901580	Instruments and appliances used in geodesy, topography	9
'721049	Flat-rolled products of iron or non-alloy steel	7
'730690	Tubes, pipes and hollow profiles	3
'841451	Table, floor, wall, window, ceiling or roof fans	9

Source: Trade Map