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Trade Development
Authority Pakistan

Urooj Shafi

[PAKISTAN-ARGENTINA]

BILATERAL TRADE ANALYSIS

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EXECUTIVE SUMMARY

Argentina being one of the largest economies in South America offers a good number of market opportunities for Pakistan. However, being the Non-Traditional market, the country isn't being explored to its maximum. Additionally, Argentina's strict import policies to protect its domestic industry pose a serious hurdle and are therefore less attractive for exporters from Pakistan. Complex visa procedures, time difference and language barrier are some of the other hurdles faced by Pakistani exporters in Argentine market.

Being the member of MERCOSUR, the country has strong ties and movement of goods within Southern Common Market. Pakistan therefore has a minimal share in its imports as Argentina prefers its trade within southern common market. Pakistan currently has a trade deficit with Argentina (\$125M). Argentina is undergoing economic recession in 2017, although is expected to soon recover. The country itself is currently at USD 8 B deficit in 2017.

Pakistan's competitors on the land are China, India Vietnam and Singapore. Pakistan can increase its trade with Argentina in the potential items found in this report. To be able to export certain items to Argentina, certifications and registrations are imperative which can be sought after due procedures. A government to government negotiation can be helpful in acquiring certifications specially in case of pharma industry where negotiation can be carried out to include Pakistan in Presidential annexes to escape cumbersome procedures of inspection and registration. The government's 2% additional drawback for non-traditional markets is also an attractive feature for exporters from Pakistan that can be utilized to increase exports to Argentina. A preferential trade agreement specific to items identified in this report can increase the exports to the country by multiple folds.



AREA

2.78 million km²



POPULATION

43.85 Million



GDP 2017

\$ 545.9 Billion Dollars

Major Import Products

| | |
|----------------------------------------------------------------------------------------------------------|-------|
| "Vehicles other than railway or tramway rolling stock, and parts and accessories thereof" | 19.72 |
| "Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof" | 14.85 |
| "Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ... " | 12.9 |
| "Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ... " | 8.16 |
| "Plastics and articles thereof" | 3.56 |
| "Pharmaceutical products" | 3.56 |
| "Organic chemicals" | 3.48 |
| "Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ... " | 2.68 |
| "Miscellaneous chemical products" | 2.16 |
| "Iron and steel" | 1.89 |

Trade Profile (US Billion \$)

| | Imported Value of Goods | Exported Value of Goods | Trade Balance |
|-------------|-------------------------|-------------------------|---------------|
| 2013 | \$74 | \$75 B | \$1B |
| 2014 | \$65 | \$68 B | \$3B |
| 2015 | \$59 | \$56 B | -\$3B |
| 2016 | \$55 | \$57 B | \$2B |
| 2017 | \$66 | \$58 B | -\$8B |

Source: Trademap

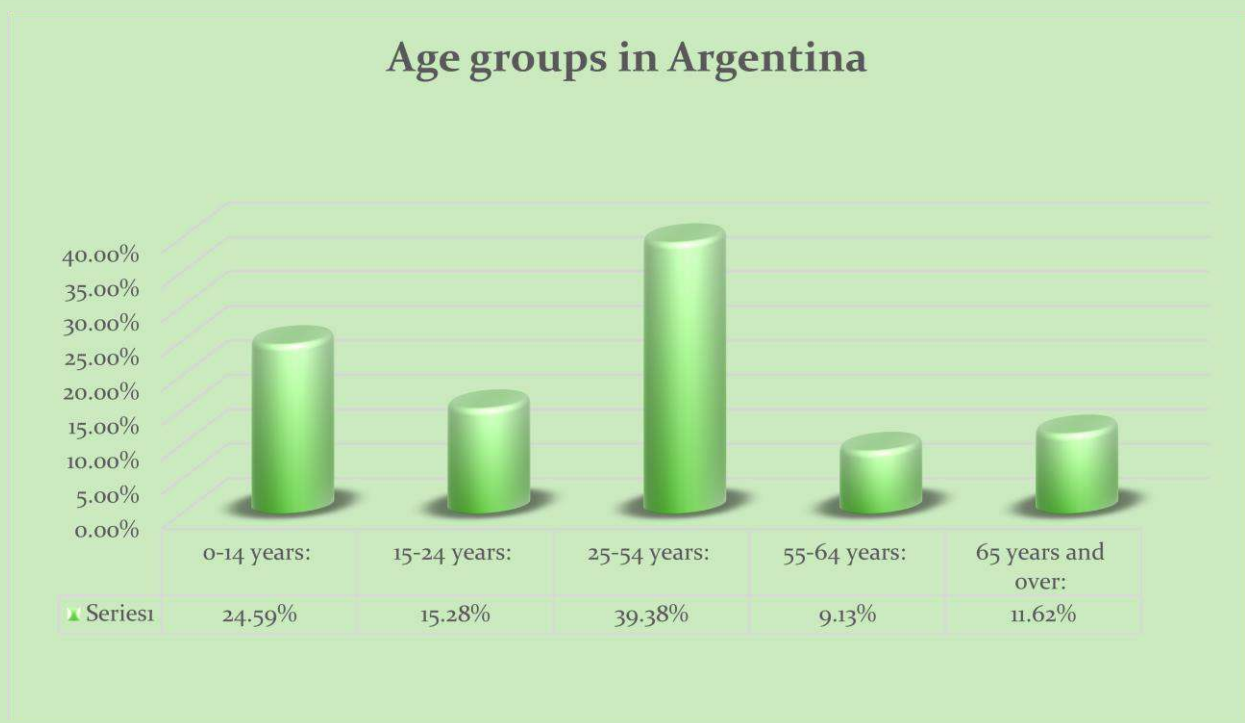
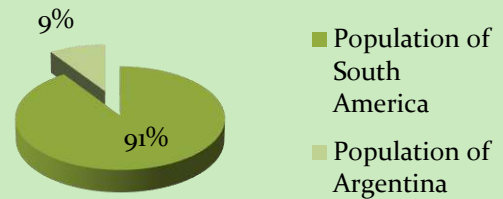
Major Export Products

| | |
|--------------------------------------------------------------------------------------------------------|-------|
| "Residues and waste from the food industries; prepared animal fodder" | 16.82 |
| "Cereals " | 11.93 |
| "Vehicles other than railway or tramway rolling stock, and parts and accessories thereof" | 9.89 |
| "Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ... " | 8.31 |
| "Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ... " | 5.39 |
| "Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ... " | 4.3 |
| "Fish and crustaceans, molluscs and other aquatic invertebrates" | 3.34 |
| "Miscellaneous chemical products" | 3.24 |
| "Meat and edible meat offal" | 3.14 |
| "Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ... " | 2.79 |

Chapter 1 OVERVIEW

Argentina the 8th largest country in terms of area in the world, borders with Bolivia, Brazil, Chile, Paraguay and Uruguay by land and the Falkland Islands by sea. The capital of the country is Buenos Aires with Argentine Peso as its national currency and Spanish as its official language. The country has rich natural resources and a population of 43.85 Million¹ with a high literacy rate of about 98.1 percent. Argentina was once known to be one of the wealthiest countries a century ago however today it ranks 21st in the world with reference to GDP (2017)².

SHARE OF POPULATION ARGENTINA



¹ World bank

²<http://databank.worldbank.org/data/download/GDP.pdf>

Chapter 2 ECONOMIC STRUCTURE OF THE COUNTRY

One of the largest economies in Latin America and the second largest economy in South America, Argentina is among largest exporters of Soyabean meal to the world. The country is declared to be an emerging market by MSCI in 2017-18. Since the election of President Mauricio MACRI in 2015, the country has put in place policies that not only intend to improve economy but social sector as well. The country has performed well on poverty index within region and has taken several initiatives to improve health and education of the population. The economy however may be experiencing recession the second time since 2015. The country suffered a trade deficit of 2 B in 2015 but quickly recovered in 2016 with a trade surplus of 2 B. In 2017, the country has again suffered a trade deficit of \$ 8 B owing to being agricultural economy and thus suffering from stark drought has severely impacted the economy of the country. Argentina is also undergoing currency crisis because of which the central bank has raised the rates to 40 percent. Economists, however have forecasted the recession to be “brief” and temporary deceleration in growth. The economy is thus set to grow.

Economic Indicators

| | |
|----------------------------------|-------------------------------|
| Minimum Wage | \$ 1744/month ³ |
| Real GDP Growth 2017 | 2.8% ⁴ |
| Current Account Deficit | 8 B |
| GDP Growth Projected 2018 (real) | 2% ⁵ |
| Total Reserves 2017 | 55 B ⁶ |
| Global Competitive Index | 92 nd ⁷ |
| Consumer Price Index 2017 | 22.7% ⁸ |
| Corporate Income Tax | 35% ⁹ |
| Ease of Doing Business | 117 ¹⁰ |
| Average Exchange Rate | 16.53 ¹¹ |

³ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_mw_cur&lang=en

⁴ <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2017&locations=AR&start=2010>

⁵ <https://www.imf.org/en/Countries/ARG>

⁶ https://data.worldbank.org/indicator/FI.RES.TOTL.CD?end=2017&locations=DE-AR&name_desc=false&start=2009

⁷ <http://reports.weforum.org/global-competitiveness-index-2017-2018/countryeconomy-profiles/#economy=DEU>

⁸ <https://www.imf.org/external/datamapper/PCPIPCH@WEO/OEMDC/ADVEC/WEOWORLD/DEU/ALB/DZA/ARG>

⁹ <https://tradingeconomics.com/argentina/corporate-tax-rate>

¹⁰ <https://data.worldbank.org/indicator/IC.BUS.EASE.XQ>

¹¹ <https://data.oecd.org/conversion/exchange-rates.htm>

Chapter 3 TRADE OVERVIEW:

Argentina is 48th world's largest exporter and the 44th world's largest importer. The total exports for the year 2017 were recorded at \$58.3 Billion with Brazil (\$9.3 B), the United States (\$4.5B), China (\$4.3B), Chile (\$2.37B), and Vietnam (\$2.2B) as its top export destinations. Pakistan stood at the 50th position among importers of Argentine products with \$170 M worth imports. The imports of the country in 2017 stood at \$66.8 Billion and the top five import origins were Brazil (\$17.8 B), China (\$12.3 B), the United States (\$7.6B), Germany (\$3.2 B) and Mexico (\$2.08 B). Pakistan was the 56th exporter to Argentina with export goods worth \$45 M to the country in 2017.

Argentina's export basket consists of agricultural commodities such as Soya bean and its products, Corn and Meat. The agricultural products consist about 36% of the total exports of Argentina. The share of commodities in Argentina exports is Soybean Meal (15.5%), Maize (6.5%), Soybean Oil (6.2%), Vehicles for transfer of goods (5.14%), and Soybeans (4.6%). Its top imports are Cars (8.5%), Natural gas (3.2%), Medium oils (2.5%), Telecommunication devices (2.7%), and Electrical machinery (1.8%).

Bilateral Agreements

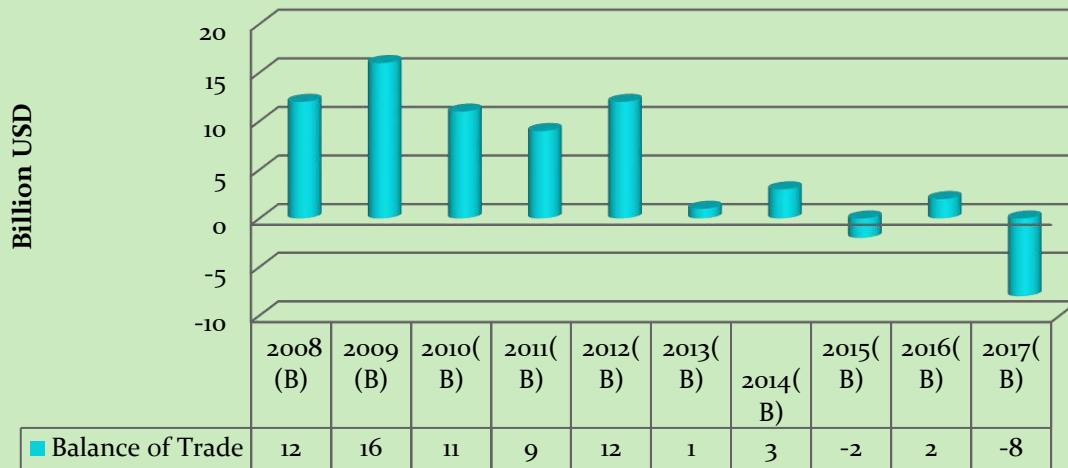
Argentina currently has 50 Bilateral Investment Treaties in force and is active in negotiations for further Investment cooperation with a number of countries and for freer trade. It is a member of the regional economic bloc MERCOSUR ("*Southern Common Market*") and therefore has free trade agreements with "*Israel, Peru, Bolivia, and Chile*". MERCOSUR has Trade Framework Agreements with "*Morocco and Mexico, and Preferential Trade Agreements with the Southern African Customs Union (SACU), Mexico, Colombia, Ecuador, Venezuela, and India*". Argentina is further in negotiations with India and has recently (2016) signed two memorandum of understandings (MoU) . The trade bloc is also in discussions for a Free Trade Agreement with the EU and "*Canada and South Korea*".

The two PTA with Mexico and Chile were established before formation of MERCOSUR and thus, amalgamated into Mercosur. Argentina has signed 16 double taxation treaties and also has customs agreements with numerous countries.

The country's exports grew by 1% whereas the imports grew by 20% in 2016-17. The main import sectors that caused imports to increase by 20% were "chap 72 Iron and Steel (92%)", "chap 12 Oil seeds and oleaginous fruits", "chap 52 Ores, slash and ash", "chap 97 Works of art, collectors' pieces and antiques (176%)", "chap 19 Preparations of cereals (52%)".

The chart below shows Argentina's trade balance from 2007-2017. Except for 2015 and 2017, the country recorded a trade surplus in all other years.

Balance of Trade



It can be seen from the chart that Argentina has had a huge trade surplus between the years 2008 and 2012 whereas the surplus began to shrink from 2013 almost by 90% and resulted in a deficit in 2015 and 2017 respectively. The deficit is recorded in country's increased imports whereas the exports have flunked to a good amount between 2008 and 2017.

Market Tendency

The population of Argentina is literate and well educated. The highest proportion of population resides between the ages of 25-54 (39.38%) years with comparatively an equal income distribution therefore a considerable consumer buying power and hence giving a room to mature product demands.

Argentina lags in infrastructure and hence government plans are in place for the infrastructure development which gives a fair chance to increased demand of goods related to construction and equipment for roads, railroads etc

Market Challenges

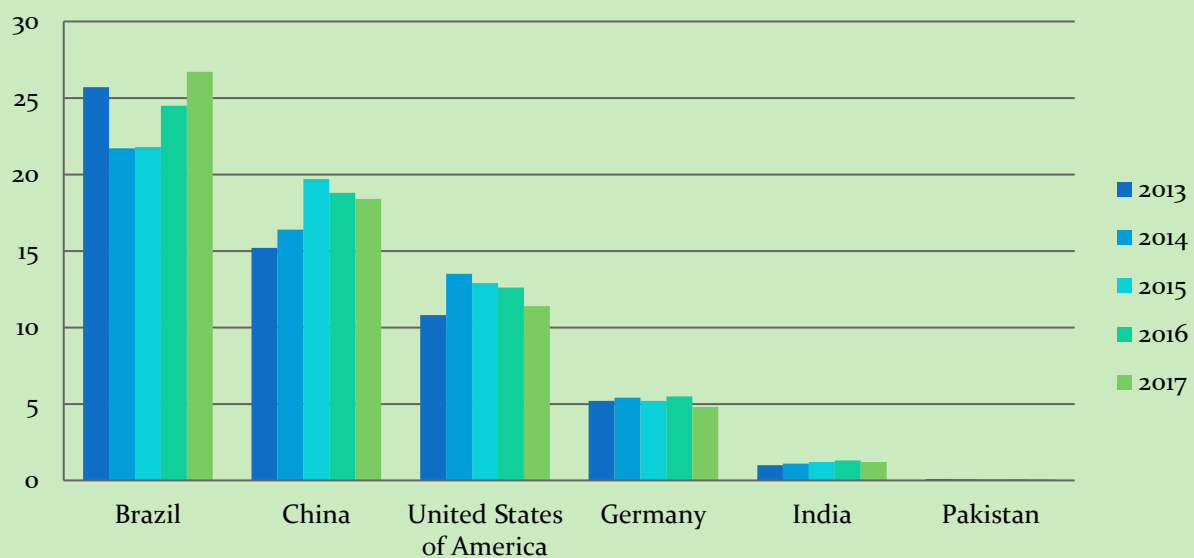
The Argentine government plays an effective role and has the central control in order to secure the domestic industry. The importers are required to acquire approval from Argentine Tax and Customs Authority (AFIP) before making any purchase for import along with a separate approval for the foreign currency for the payment. The strict policy is however against WTO

rules and multiple countries (“The U.S., EU, and Japan”) won a WTO trade complaint against Argentina; final resolution is pending.

Imports

With estimated total imports of US \$ 66 B, Argentina is the 44th largest importer in the world. The major exporters to the country in 2017 were Brazil, China, USA, Germany, and Italy. The most imported goods were vehicles, machinery, mineral fuels, plastics, and pharmaceuticals.

EXPORTERS TO ARGENTINA



| Major Exporters to Argentina | | | |
|------------------------------|---------------------------------|------------|----------------|
| S.No | Exporter | 2017 (USD) | Import Share % |
| 1 | Brazil | 17 B | 26.7 |
| 2 | China | 12 B | 18.4 |
| 3 | United States of America | 7B | 11.4 |
| 4 | Germany | 3B | 4.8 |
| 5 | Mexico | 2B | 3.1 |
| 6 | Italy | 1B | 2.5 |
| 7 | Spain | 1B | 2.2 |
| 8 | France | 1B | 2 |
| 9 | Thailand | 1B | 1.9 |
| 10 | Bolivia, Plurinational State of | 1B | 1.9 |
| 15 | India | 823M | 1.2 |
| 56 | Pakistan | 45M | 0.1 |
| 66 | Bangladesh | 17M | 0.01 |

* Source: Trademap

| Top 15 Import Products of Argentina from the world (B) | | | |
|--------------------------------------------------------|------|---------------------------------------------------------------------------------------------------------|-------------------------|
| S.No | Code | Product Group | Share In Import Value % |
| 1 | '87 | "Vehicles other than railway or tramway rolling stock, and parts and accessories thereof" | 19.72 |
| 2 | '84 | "Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof" | 14.85 |
| 3 | '85 | "Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ..." | 12.9 |
| 4 | '27 | "Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ..." | 8.16 |
| 5 | '39 | "Plastics and articles thereof" | 3.56 |
| 6 | '30 | "Pharmaceutical products" | 3.56 |
| 7 | '29 | "Organic chemicals" | 3.48 |
| 8 | '90 | "Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ..." | 2.68 |
| 9 | '38 | "Miscellaneous chemical products" | 2.16 |
| 10 | '72 | "Iron and steel" | 1.89 |
| 11 | '88 | "Aircraft, spacecraft, and parts thereof" | 1.67 |
| 12 | '40 | "Rubber and articles thereof" | 1.64 |
| 13 | '73 | "Articles of iron or steel" | 1.4 |
| 14 | '48 | "Paper and paperboard; articles of paper pulp, of paper or of paperboard" | 1.24 |
| 15 | '12 | "Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ..." | 1.18 |

*Source: Trademap ** The bold commodities are potential commodities of Pakistan

Exports

The country's exports underscored than imports in the year 2017. The estimated exports value for the year 2017 is \$56 B. The major import markets of Argentina's products are USA, France, China, United Kingdom.

| Major Importers of Argentine Products US \$(B) | |
|------------------------------------------------|--|
|------------------------------------------------|--|

| S.No | Importer | Amount | Share Value |
|------|--------------------------|--------|-------------|
| 1 | Brazil | 9.3 | 16% |
| 2 | United States of America | 4.5 | 8% |
| 3 | China | 4.3 | 7% |
| 4 | Chile | 2.6 | 4% |
| 5 | Viet Nam | 2.2 | 4% |
| 6 | India | 2.0 | 4% |
| 7 | Spain | 1.5 | 3% |
| 8 | Algeria | 1.4 | 3% |
| 9 | Netherlands | 1.3 | 2% |
| 10 | Canada | 1.3 | 2% |
| 27 | Bangladesh | 583 M | 1% |
| 50 | Pakistan | 170 M | 0.3% |

*Source: Trademap

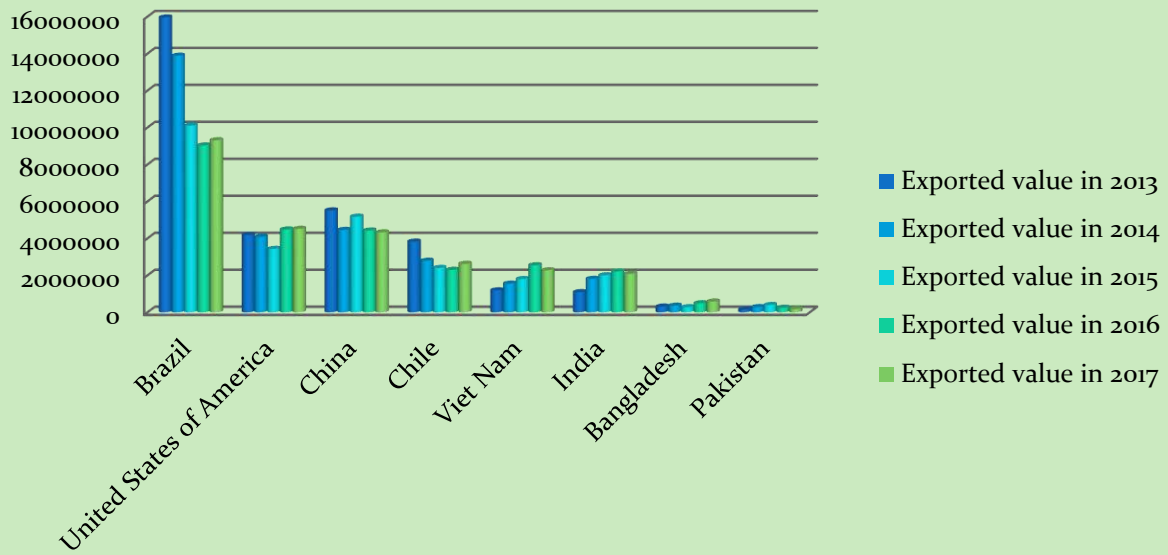
Top 15 Export of Argentina Products to the world

| S.No | Code | Product Group | Share in Export Value |
|------|------|--------------------------------------------------------------------------------------------------------------|-----------------------|
| 1 | 23 | <i>"Residues and waste from the food industries; prepared animal fodder"</i> | 16.82 |
| 2 | 10 | <i>"Cereals"</i> | 11.93 |
| 3 | 87 | <i>"Vehicles other than railway or tramway rolling stock, and parts and accessories thereof"</i> | 9.89 |
| 4 | 15 | <i>"Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ..."</i> | 8.31 |
| 5 | 12 | <i>"Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ..."</i> | 5.39 |
| 6 | 71 | <i>"Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ..."</i> | 4.3 |
| 7 | 03 | <i>"Fish and crustaceans, molluscs and other aquatic invertebrates"</i> | 3.34 |
| 8 | 38 | <i>"Miscellaneous chemical products"</i> | 3.24 |
| 9 | 02 | <i>"Meat and edible meat offal"</i> | 3.14 |
| 10 | 27 | <i>"Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ..."</i> | 2.79 |
| 11 | 20 | <i>"Preparations of vegetables, fruit, nuts or other parts of plants"</i> | 1.97 |
| 12 | 84 | <i>"Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof"</i> | 1.9 |

| | | | |
|----|----|---------------------------------------------------------|------|
| 13 | 39 | "Plastics and articles thereof" | 1.7 |
| 14 | 08 | "Edible fruit and nuts; peel of citrus fruit or melons" | 1.57 |
| 15 | 22 | "Beverages, spirits and vinegar" | 1.57 |

*Source: Trademap

Importers of Argentine Products



Chapter 4 BILATERAL TRADE

The South American region has an immense trade potential and several steps have been taken to enhance trade with South American countries and with MERCOSUR as a trading bloc. 2% additional drawback has been offered on exports to non-traditional markets including Latin America by Government of Pakistan. Pakistan constituted 0.1% share in Argentinian import market and ranks 56th in the exporters to Argentina with exports amounting to \$45 M in the year 2017. Pakistan currently ranks as 50th Importer of Argentinian goods with imports of \$170 M.

Trade Agreements

Although a number of bilateral trade agreements have been proposed to a number of South American countries but nothing concrete had been achieved so far.

The following bilateral agreements have been concluded between the two countries.

- Scientific and Technical Cooperation Agreement 1983.
- Economic and Trade Cooperation Agreement 2002.
- Cooperation Agreement between Argentine Chamber of Commerce and Karachi Chamber of Commerce and Industry 2005.
- MOU for bilateral consultations between the Ministries for Foreign Affairs of both countries 2006.
- MOU for cooperation in Agriculture between Pakistan and Argentina 2006.
- Cooperation Agreement between Trade Development Authority of Pakistan (TDAP) and the Exporter Foundation of Argentina was signed on 7th May, 2007.
- MOU for cooperation in Sports between the Sport Secretariat of Argentina and Ministry of Sports of Pakistan, 2007.
- Pakistan-MERCOSUR Preferential Trade Agreement (Pakistan-MERCOSUR PTA) Signed and In Effect 2009-06-01 and Not yet notified to the WTO.¹²

4.2 Export Share

| Export to Pakistan | | |
|--------------------|--------------------------|-------------|
| | Total Value (M) (USD) | growth rate |
| 2013 | 146 | 119% |
| 2014 | 281 | 48% |
| 2015 | 397 | 42% |

¹² <https://aric.adb.org/fta/pakistan-mercosur-preferential-trade-agreement>

| | | |
|-------------|-----|------|
| 2016 | 245 | -32% |
| 2017 | 170 | -30% |

*Source: trademap

4.3 Import Share

| Argentina imports from Pakistan | | |
|---------------------------------|------------------------------|--------------------|
| <i>Year</i> | <i>Total Value (B) (USD)</i> | <i>growth rate</i> |
| 2013 | 61 M | 18% |
| 2014 | 55.06 M | -11% |
| 2015 | 55.8 | 1% |
| 2016 | 55.2 | -1% |
| 2017 | 45 | -18% |

4.4 Top exports to Argentina from Pakistan

| Product code | Product label | 2017\$000 | Percentage change from 2016 |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------------|
| 'TOTAL | All products | 170556 | |
| 150710 | "Crude soya-bean oil, whether or not degummed" | 62668 | ↑18% |
| 230400 | "Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soya-bean oil" | 52280 | ↓60% |
| 071320 | "Dried, shelled chickpeas "garbanzos", whether or not skinned or split" | 28223 | ↓1% |
| 071333 | "Dried, shelled kidney beans "Phaseolus vulgaris", whether or not skinned or split" | 10059 | ↑67% |
| 100790 | "Grain sorghum (excluding for sowing)" | 5979 | ↑277% |
| '730429 | "Casing and tubing, seamless, of iron or steel, of a kind used in drilling for oil or gas (excluding products of cast iron)" | 1081 | ↓82% |
| '300490 | "Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packings for retail sale (excluding medicaments containing antibiotics, medicaments containing hormones or steroids used as hormones, but not containing antibiotics, medicaments containing alkaloids or derivatives thereof but not containing hormones or antibiotics and medicaments containing provitamins, vitamins or derivatives thereof used as vitamins)" | 924 | ↑15% |
| '300210 | "Antisera and other blood fractions and immunological products, whether or not modified or obtained by means of biotechnological processes" | 901 | ↑49% |
| '300439 | "Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packings for retail sale (excluding medicaments containing insulin or corticosteroid hormones, their derivatives or structural analogues)" | 812 | ↑6% |
| 071331 | "Dried, shelled beans of species "Vigna mungo [L.] Hepper or Vigna radiata [L.] Wilczek", whether or not skinned or split" | 703 | ↓39% |

4.5 Top imports from Argentina to Pakistan

| Product code | Product label | Value in 2017 | Percentage change from 2016 |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------|
| 'TOTAL | All products | 45161 | |
| '551341 | "Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed principally or solely with cotton and weighing <= 170 g/m ² , printed" | 12209 | ↓33% |
| '950662 | "Inflatable balls" | 4426 | ↓44% |
| '551321 | "Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed principally or solely with cotton and weighing <= 170 g/m ² , dyed" | 3079 | ↓21% |
| '950699 | "Articles and equipment for sport and outdoor games n.e.s; swimming and paddling pools" | 2473 | ↑3% |
| '551311 | "Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed principally or solely with cotton and weighing <= 170 g/m ² , unbleached or bleached" | 1833 | ↓13% |
| '390760 | "Poly"ethylene terephthalate", in primary forms" | 1215 | ↑277% |
| '630222 | "Printed bedlinen of man-made fibres (excluding knitted or crocheted)" | 1175 | ↑62% |
| 520852 | "Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 g/m ² , printed" | 970 | ↓56% |
| 520832 | "Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 g/m ² , dyed" | 927 | ↓59% |
| '611610 | "Gloves, mittens and mitts, impregnated, coated or covered with plastics or rubber, knitted or crocheted" | 835 | ↓14% |

Chapter 5 POTENTIAL PRODUCTS

The following products have the potential in Argentine market. The products selected have been bench marked at the exports from Pakistan at 30 M and Imports of Argentina at 35 M.

| Code | Product label | Imported value in 2017 (\$) | Pakistan exports (\$) |
|----------|------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------|
| "271019" | "Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ... " | 1.7 B | 142 M |
| "300490" | "Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ... " | 957 M | 70 M |
| "300439" | "Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ... " | 194 M | 48 M |
| "841199" | "Parts of gas turbines, n.e.s. " | 154 M | 43 M |
| "721049" | "Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ... " | 144 M | 31 M |
| "901890" | "Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s. " | 137 M | 360 M |
| "851712" | "Telephones for cellular networks "mobile telephones" or for other wireless networks" | 108 M | 30 M |
| "640399" | "Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather ... " | 75 M | 68 M |
| "481159" | "Paper and paperboard, surface-coloured, surface-decorated or printed, coated, impregnated or ... " | 67 M | 81 M |
| "940490" | "Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ... " | 38 M | 79 M |

Chapter 6 TARRIF/NON TARIFF MEASURES¹³

| "S.No | Product Code | Product Label | Average Tariff | Non Tariff |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------|
| 1 | "271019" | "Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ..." | 0.8% | 8 |
| <p><u>Non Tariff Requirements by Argentina (Imports)</u></p> <p>"Resolution No. 946/2002 of 17 / IX / 2002. Secretariat of Environment and Sustainable Development. (ALADI code: S002989) Authorization requirement for TBT reasons - (TBT) Law No. 23966 of 08/20/1991. Tax on Fuels. (ALADI code: S005773) Consumption taxes - (F) Resolución Nº 6 de 29/XII/98. Secretaría de Energía. (ALADI code: S001812) Registration requirement for importers for TBT reasons - (TBT) Law No. 26741 of 03/05/12. (ALADI code: S006552) State trading enterprises, for importing - (H) (1) Tolerance limits for residues of or contamination by certain substances - (TBT) (2) TBT Measures not elsewhere specified. - (TBT)"</p> | | <p><u>"Non Tariff Requirements by Pakistan (exporter)</u></p> <p><u>Export Policy Order, 2013</u> <u>Measures on Re-Export - (P)"</u></p> | | |
| 2 | "300490" | "Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ..." | 10.5 | 13 |
| <p><u>"National Administration of Medicines, Food and Medical Technology. (ALADI code: S005850)</u> (1) Labelling requirements - (SPS) Decree No. 150 of 20 / I / 92. Amended by Decrees No. 1890 of 15 / X / 92 and No. 177 of 9 / II / 93. (ALADI code: S000057) (1) Product registration requirement - (TBT) Provision No. 4430 of 02 / IX / 09. National Administration of Medicines, Food and Medical Technology (ANMAT). (ALADI code: S004889) (1) Prohibition for TBT reasons - (TBT)</p> <p>Resolution No. 76 of 8 / X / 98. Secretariat of Agriculture, Livestock, Fisheries and Food. (ALADI code: S001565) (1) Prohibitions/restrictions of imports for SPS reasons not elsewhere specified. - (SPS)</p> <p>Resolution No. 84 of 28 / III / 2007. SENASA (ALADI code: S004626) (1) Prohibitions/restrictions of imports for SPS reasons not elsewhere specified. - (SPS)</p> <p>Resolution No. 2014 of 10 / VIII / 93. National Customs Administration. Modified by Resolutions Nros. 262/94,</p> | | <p>"1-Drugs (Labelling and Packing) Rules, 1986 <u>Export technical measures, not elsewhere specified. - (P)</u></p> <p>2.Export Policy Order, 2013 <u>(1) Licensing or permit requirements to export - (P)</u> <u>(2) Measures on Re-Export - (P)"</u></p> | | |

¹³ Market access map

| | | | | |
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| <p>2674/97 and 34/97. (ALADI code: S000168) (1) Authorization requirement for TBT reasons - (TBT) (2) Testing requirement - (TBT) (3) Requirement to pass through specified port of customs - (C) Decree No. 583 of 31 / I / 67. Amended by Decrees No. 3899 of 2 / VI / 72 and No. 35 of 11 / I / 88. (ALADI code: S000125) (1) Authorization requirement for TBT reasons - (TBT) (2) Registration requirement for importers for TBT reasons - (TBT) (3) Product registration requirement - (TBT) (4) TBT Measures not elsewhere specified. - (TBT)</p> <p>Resolution No. 345 of 6 / IV / 94. National Service of Agrifood Health and Quality. Approves GMC Resolution No. 11/93; 29/93 and 44/93. (ALADI code: S005094) (1) Registration requirement for importers for TBT reasons - (TBT) (2) Labelling requirements - (TBT) (3) Product registration requirement - (TBT) (4) Testing requirement - (TBT) (5) TBT Measures not elsewhere specified. - (TBT)"</p> | | | | |
| | | | | |
| 3 | "300439" | "Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ..." | 7.1 | 10 |
| <p>"National Administration of Medicines, Food and Medical Technology. (ALADI code: S005850) (1) Labelling requirements - (SPS) Decree No. 150 of 20 / I / 92. Amended by Decrees No. 1890 of 15 / X / 92 and No. 177 of 9 / II / 93. (ALADI code: S000057) (1) Product registration requirement - (TBT) Provision No. 4430 of 02 / IX / 09. National Administration of Medicines, Food and Medical Technology (ANMAT). (ALADI code: S004889) (1) Prohibition for TBT reasons - (TBT)</p> <p>Resolution No. 76 of 8 / X / 98. Secretariat of Agriculture, Livestock, Fisheries and Food. (ALADI code: S001565) (1) Prohibitions/restrictions of imports for SPS reasons not elsewhere specified. - (SPS) Resolution No. 84 of 28 / III / 2007. SENASA (ALADI code: S004626) (1) Prohibitions/restrictions of imports for SPS reasons not elsewhere specified. - (SPS) Resolution No. 2014 of 10 / VIII / 93. National Customs Administration. Modified by Resolutions Nros. 262/94, 2674/97 and 34/97. (ALADI code: S000168) (1) Authorization requirement for TBT reasons - (TBT) (2) Testing requirement - (TBT) (3) Requirement to pass through specified port of customs - (C) Decree No. 583 of 31 / I / 67. Amended by Decrees No. 3899 of 2 / VI / 72 and No. 35 of 11 / I / 88. (ALADI code: S000125) (1) Authorization requirement for TBT reasons - (TBT) (2) Registration requirement for importers for TBT reasons -</p> | | | <p>"1-Drugs (Labelling and Packing) Rules, 1986 <u>Export technical measures, not elsewhere specified. - (P)</u> 2.Export Policy Order, 2013 <u>(1) Licensing or permit requirements to export - (P)</u> <u>(2) Measures on Re-Export - (P)"</u></p> | |

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------|----|---|
| <p>(TBT) (3) Product registration requirement - (TBT) (4) TBT Measures not elsewhere specified. - (TBT) Resolution No. 345 of 6 / IV / 94. National Service of Agrifood Health and Quality. Approves GMC Resolution No. 11/93; 29/93 and 44/93. (ALADI code: S005094) (1) Registration requirement for importers for TBT reasons - (TBT) (2) Labelling requirements - (TBT) (3) Product registration requirement - (TBT) (4) Testing requirement - (TBT) (5) TBT Measures not elsewhere specified. - (TBT)”</p> | | | | |
| 4 | “841199” | “Parts of gas turbines, n.e.s.” | 0 | 2 |
| <p>“General Resolution No. 1946 of 22 / IX / 05. Federal Administration of Public Revenue. (ALADI code: S003765) (1) Authorization requirement for TBT reasons - (TBT) Resolution No. 909 of 29 / VII / 94. Ministry of Economy and Public Works and Services. Modified by Resolutions Nros. 155/95, 423/95, 544/95, 160/95, 288/95, 564/95, 748/95, 866/96, 39/98, 1635/98, 1735/98, 448/99, 841 / 99, 1580/98, 359/99, 1222/99, 1223 / (1) Full prohibition (import ban) - (E)”</p> | | <p>“Export Policy Order, 2013 Measures on Re-Export - (P) ”</p> | | |
| 5 | “721049” | “Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...” | 12 | 6 |
| <p>“Resolution No. 924 of 6 / XII / 99. Secretariat of Industry, Commerce and Mining. Modified by Resolution No. 148/01, Secretariat of Competition, Deregulation and Consumer Protection. (ALADI code: S001869) (1) Certification requirement - (TBT) Provision No. 9 of 4 / II / 99. Under Secretary of Foreign Trade. Amended by Provisions Nos. 11/99, 24/99, 25/99, 34/99, 36/99, 43/99, 174/00, 75/00, 1/03, 9/03, 14/03, 7 / 04, 14/04, 26/04, 30/04, 8/05, 9/05; 05/15, 08/07. Resolution No. 23/09; 165 / (1) Import monitoring and surveillance requirements and other automatic licensing measures - (C) Resolution No. 404 of 16 / VI / 99. Secretariat of Industry, Commerce and Mining. Amended by Resolution No. 150 of 22 / VIII / 00. Secretary of Defense of Competition and Consumer Affairs. (ALADI code: S001868)</p> | | <p>“Export Policy Order, 2013 Measures on Re-Export - (P)”</p> | | |

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|---|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| | | (1) Product quality or performance requirement - (TBT) (2) Certification requirement - (TBT)" | | |
| 6 | "640399" | "Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather ..." | 35 | 7 |
| | | <p>"Law No. 22421 of 5 / III / 81. Law for the Protection and Conservation of Wildlife. (ALADI code: S000156) (1) Authorization requirement for TBT reasons - (TBT)</p> <p>Resolution No. 486 of 30 / VIII / 05. Ministry of Economy and Production. Modified by Resol. No. 366/08. (ALADI code: S003756) (1) Licensing procedure with no specific ex-ante criteria - (E)</p> <p>Resolution No. 61 of 11 / II / 02. Ministry of Economy. Modified by Decree No. 690/02, Resolution No. 11/02 and Resolution No. 136/02. (ALADI code: S002627) (1) Regulations concerning terms of payment for imports - (G)</p> <p>General Resolution No. 1924 of 11 / VIII / 05. AFIP. Amended by Resolution No. 50/07; 52/07; 26/08; 3/10; 76/10; 11/17 (ALADI code: S004309) (1) Requirement to pass through specified port of customs - (C)</p> <p>Resolution No. 508 of 27 / VII / 99. Secretariat of Industry, Commerce and Mining. (ALADI code: S001770) (1) Labelling requirements - (TBT) (2) Certification requirement - (TBT)</p> <p>Resolución Nº 622 de 4/XII/95. Ministerio de Economía y Obras y Servicios Públicos. (ALADI code: S000166) (1) Labelling requirements - (TBT) (2) Certification requirement - (TBT)</p> <p>Decree No. 666 of 18 / VII / 97. (ALADI code: S000243) (1) Prohibition for TBT reasons - (TBT) (2) Authorization requirement for TBT reasons - (TBT)</p> <p>Resolution No. 2513 of 1 / X / 93. National Customs Administration. Amended by Resolution No. 443 of 7 / II / 96 and 2165/97. (ALADI code: S000159) (1) Prohibition for TBT reasons - (TBT) (2) Authorization requirement for TBT reasons - (TBT)"</p> | <p>"Export Policy Order, 2013 (1) Licensing or permit requirements to export - (P) (2) Measures on Re-Export - (P)"</p> | |
| 7 | "901890" | "Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s." | 9.1 | 12 |
| | | <p>"General Resolution No. 1946 of 22 / IX / 05. Federal Administration of Public Revenue. (ALADI code: S003765) Authorization requirement for TBT reasons - (TBT)</p> <p>General Resolution No. 30 of 7 / X / 97. Federal Administration of Public Revenue. (ALADI code: S000254) Authorization requirement for TBT reasons - (TBT)</p> <p>Resolution No. 909 of 29 / VII / 94. Ministry of Economy and Public Works and Services. Modified by Resolutions Nros. 155/95, 423/95, 544/95, 160/95, 288/95, 564/95, 748/95, 866/96, 39/98, 1635/98, 1735/98, 448/99, 841 / 99, 1580/98, 359/99, 1222/99, 1223 /</p> | <p>"Export Policy Order 2013 (1) Export price control measures - (P) (2) Measures on Re-Export - (P) (3) Certification required by the exporting country - (P)"</p> | |

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| <p>Full prohibition (import ban) - (E) Provision No. 9 of 4 / II / 99. Under Secretary of Foreign Trade. Amended by Provisions Nos. 11/99, 24/99, 25/99, 34/99, 36/99, 43/99, 174/00, 75/00, 1/03, 9/03, 14/03, 7 / 04, 14/04, 26/04, 30/04, 8/05, 9/05; 05/15, 08/07. Resolution No. 23/09; 165 / Import monitoring and surveillance requirements and other automatic licensing measures - (C) Resolution No. 255 of 7 / IV / 94. Ministry of Health and Social Action. Regulates Decree No. 2.505 / 85. (ALADI code: S000065) Product registration requirement - (TBT) Resolution No. 61 of 11 / II / 02. Ministry of Economy. Modified by Decree No. 690/02, Resolution No. 11/02 and Resolution No. 136/02. (ALADI code: S002627) Regulations concerning terms of payment for imports - (G) Decree No. 2505 of 30 / XII / 85. Modified in its Annex I by Resolution No. 255/94 of the Ministry of Health and Social Action. (ALADI code: S000063) (1) Production or Post-Production requirements not elsewhere specified. - (TBT) (2) Certification requirement - (TBT) Joint Resolution No. 342 and 147 of 9 / III / 92. Ministry of Economy and Public Works and Services and Ministry of Health and Social Action. (ALADI code: S000059) (1) Registration requirement for importers for TBT reasons - (TBT) (2) Product registration requirement - (TBT) Provision No. 2319 of 23 / V / 02. ANMAT Amended by Provision No. 3433/04 ANMAT. Approves GMC Resolution No. 21/98. (ALADI code: S003943) 1) TBT regulations on production processes - (TBT) (2) Production or Post-Production requirements not elsewhere specified. - (TBT) Disposición N° 2318 de 23/V/02. ANMAT. Modificada por Disposición N° 1285/04 ANMAT. Aprueba Resolución GMC N° 40/00. (ALADI code: S003942) (1) Labelling requirements - (TBT) (2) Product registration requirement - (TBT) (3) TBT Measures not elsewhere specified. - (TBT)"</p> | | | | |
| 8 | "851712" | "Telephones for cellular networks "mobile telephones" or for other wireless networks" | 12.2 | 5 |
| <p>"General Resolution No. 1946 of 22 / IX / 05. Federal Administration of Public Revenue. (ALADI code: S003765) Authorization requirement for TBT reasons - (TBT)"</p> | | <p>"Export Policy Order 2013 Measures on Re-Export - (P) "</p> | | |
| 9 | "481159" | "Paper and paperboard, surface-coloured, surface-decorated or printed, coated, impregnated or ..." | 12.1 | 4 |
| <p>"Provision No. 9 of 4 / II / 99. Under Secretary of Foreign Trade. Amended by Provisions Nos. 11/99, 24/99, 25/99, 34/99, 36/99, 43/99, 174/00, 75/00, 1/03, 9/03, 14/03, 7 / 04, 14/04, 26/04, 30/04, 8/05, 9/05; 05/15, 08/07. Resolution No. 23/09; 165 /</p> | | <p>"Export Policy Order 2013 Measures on Re-Export - (P)"</p> | | |

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------|----|---|
| <p><i>Import monitoring and surveillance requirements and other automatic licensing measures - (C)</i></p> <p>Joint Resolution No. 437 and 209 of 27 / IV / 01. Ministry of Health and Ministry of Labor, Employment and Training of Human Resources. (ALADI code: S002289) <i>Prohibition for TBT reasons - (TBT)</i></p> <p>External Note No. 29 of 13 / V / 08. General Directorate of Customs. (ALADI code: S004499) <i>TBT Measures not elsewhere specified. - (TBT)"</i></p> | | | | |
| 10 | "940490" | "Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ..." | 18 | 1 |
| <p>"Communication A 4372 of 23 / VI / 05. Amended by Communication A 4385 of 11 / VII / 05. Central bank. (ALADI code: S003709)</p> <p><i>Regulations concerning terms of payment for imports - (G)</i></p> <p>Resolution No. 61 of 11 / II / 02. Ministry of Economy. Modified by Decree No. 690/02, Resolution No. 11/02 and Resolution No. 136/02. (ALADI code: S002627)</p> <p><i>Regulations concerning terms of payment for imports - (G)"</i></p> | | <p>"Export Policy Order 2013 Measures on Re-Export - (P)"</p> | | |

"Registration Requirement that exporters should register and pass all documentation requirements such as certification or as may be necessary, pay registration fees etc so as to become eligible for the export of that commodity. "

Labeling/Marking Requirements This barrier confirms that the product packaging comes with introduction for the consumer that entails all necessary details about the product.

"Prohibitions for TBT reasons concern import prohibitions for reasons related, inter alia, to national security requirements, the prevention of deceptive practices, the protection of human health or safety, animal or plant life or health, or the environment (i.e., the objectives set out in the WTO Agreement on Technical Barriers to Trade)"

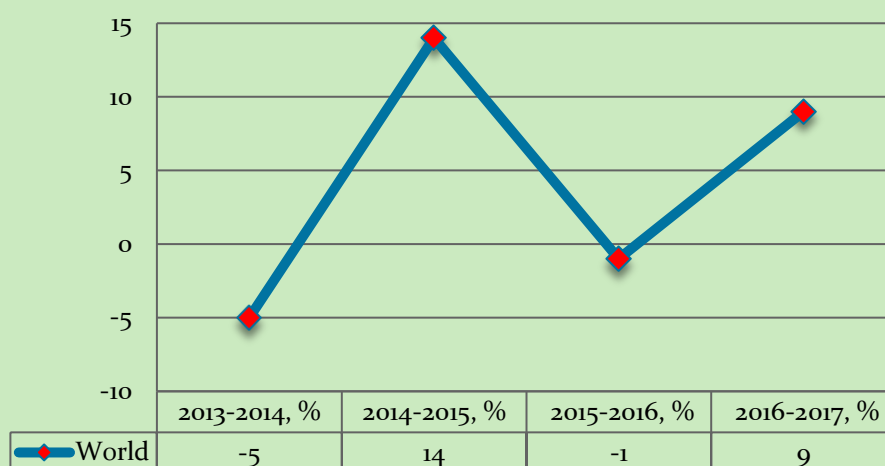
PRICE DISPLAY That the selling price along with the measurement unit be made available on the packaging/label

Chapter 7 VALUE CHAIN MAPPING

300490

| Code | Product label | 2017 | Exporting Countries | Value in 2017(M) | Share % 2017 |
|--------|------------------------------------------------------------------------------------------------------------|---------|--------------------------|------------------|--------------|
| 300490 | <i>"Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ..."</i> | \$957 M | United States of America | 198 | 20% |
| | | | Germany | 183 | 19% |
| | | | Canada | 904 | 9.4% |
| | | | Pakistan | 0 | 0 |

CHANGE IN PRODUCT DEMAND



Value Exported by Pakistan to the World: 70M

The pharmaceutical industry in Latin America on the whole is growing owing to factors as growing middle class and governments' health initiatives. Argentina being the third largest pharmaceutical market in Latin America, there's a good room to grow and a potential for Pakistani pharma to capture. Argentina has announced several projects in Health sector in 2017 and therefore the sector can be a good sector for Pakistani exporters to establish their presence.

Pakistan's Pharma products have very little or no access to Argentinian market for the past decade. The countries that are listed on Presidential Annexes can access the pharma market in Argentina freely. This is one reason that Pakistan has not been able to enter the Argentine pharmaceutical market because without inclusion in Presidential Annexes, the drugs and medicines first need to be undertaken by ANMAT ("Administración Nacional de Medicamentos, Alimentos y Tecnología Médica ñ National Administration of Drugs, Food Products and Medical Technology"), and the process could take up to years that too without certainty. Pakistan also faces a tight controlled competition by multinationals in the country from US and EU. Total import of pharmaceuticals in Argentina was valued at 2.3 B USD (2017).¹⁴

Competitors' Strategies

INDIA

India has been in continuous negotiations with Mercosur to capitalise maximum potential between the India and South American Region. Argentina and India on the other hand, have enjoyed cordial ties between them with no political tension. India has its trade mission in the country since 1949.

India, from time to time has been introducing/altering several policies for the strengthening of Pharma Industry. During April-November 2016, drug imports declined by 9.3 per cent. This was a result of government's withdrawal of duty exemption on 71 drugs. This move aimed at reducing the dependence on drug imports and encourage local

EXPORTERS' INPUT

- **Two Priced Policy (Inventor and manufacturer)- Inventor can charge higher price.**
- **6-8 Months in the registration of new drug (The other issue is delays in approval of new molecules, which can often take several years, depriving patients of the benefits of the latest remedy even in the domestic industry)**
- **Huge fees on documenting medicines for exports**
- **Freezing of prices of Pharmaceutical products (Neighboring India and China liberalized their drug pricing, which has benefitted domestic consumers and accelerated their exports)**
- **The price control mechanism control nearly the whole of the industry unlike rest of the world, where the government should control prices of only essential drugs listed with the WHO and let the market forces determine the prices of other medicines.**
- **China and India are providing benefits to their patients with new treatments. This has also helped them in authenticating their registration process by getting local pre-registration data. China and India are benefitting from generating revenue by giving industry status to pharmaceutical research.**

"Daily times"

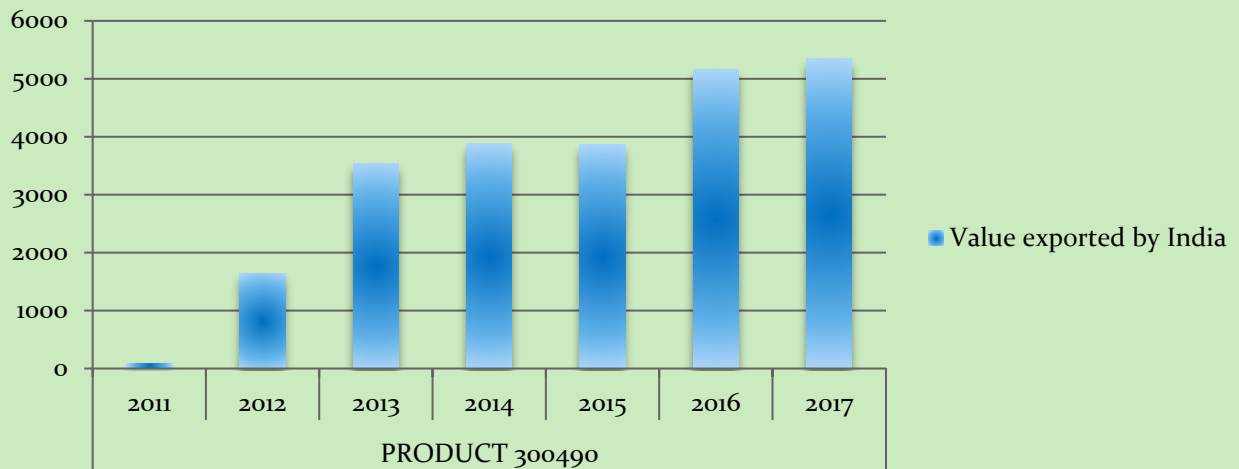
¹⁴ Argentina Republic -PBC

production. India currently has 150 FDA approved plants which gives India an easy access to markets without cumbersome registration processes with Pharma registration authorities where as Pakistan has none FDA approved plants. India has also announced several development programmes for the sector, to name, the Cluster development Programme. India maintains the flow of information through workshops/seminars as well. 28 workshops/seminars were arranged in the year 2016-17 alone

India's activities in the region:

- *India signed a limited preferential agreement with mercosur in 2004 giving preferential access to 452 Indian products.*
- *In 2012, A Regional Action Plan was formed to promote India's commercial and economic interests in Argentina.*
- *In 2014, Inclusion of India in presidential annexure II of pharma imports giving Indian pharma an access to controlled market of Argentina. In return, India agreed to import apples, pears and quinces from Argentina.*
- *India's investment in Argentina is about \$930 M establishing 13 companies whereas's \$120 M has been invested by Argentina in India*
- *In 2015, two export promotion council delegations, Chemexcil and Pharmexcil visited Buenos Aires to promote trade between the two nations.*
- *In 2016, India has signed two Memorandum of Understanding with Argentina that is MoU on cooperation in the field of research and education in Homeopathic medicine, and MoU on establishment of an 'academic chair' in Ayurveda between Central Council on Research in Ayurvedic Sciences, Ministry of AYUSH and Fundacion de Salud Ayurveda Prema.*

Value exported by India



India too, has little to no presence in the pharmaceutical market however it has been granted an access to the market under presidential annexure II. Since the inclusion of India in Presidential Annexes, the product under observation can be seen to have increased in exports from India to Argentina. However because of controlled occupation of US and Germany in the market, the share contribution of Indian pharma is close to zero. The Indian ministry is however in negotiations for open access to the market.

SINGAPORE

Singapore has gradually worked through its success in establishing its pharmaceutical products market in the world. The country has over 30 medical technology companies and among them 7 are the world's best biopharmaceutical companies. The sector contributes approximately about 20% of the manufacturing sector. The Singapore's established pharmaceutical industry is a long paved road starting in 1991 with government's "**Strategic Economic Plan**". The plan identified the pharmaceutical sector as potential sector and was prioritised. Gradually, the country worked on developing infrastructure with constructing two areas as 'hub' of pharma activities in Singapore- the Biopolis and the Tuas Biomedical Park. Simultaneously, the government introduced tax breaks and business incentives to further strengthen the industry. Singapore has also

funded generously in the research and development and skill development of workforce of the Industry.

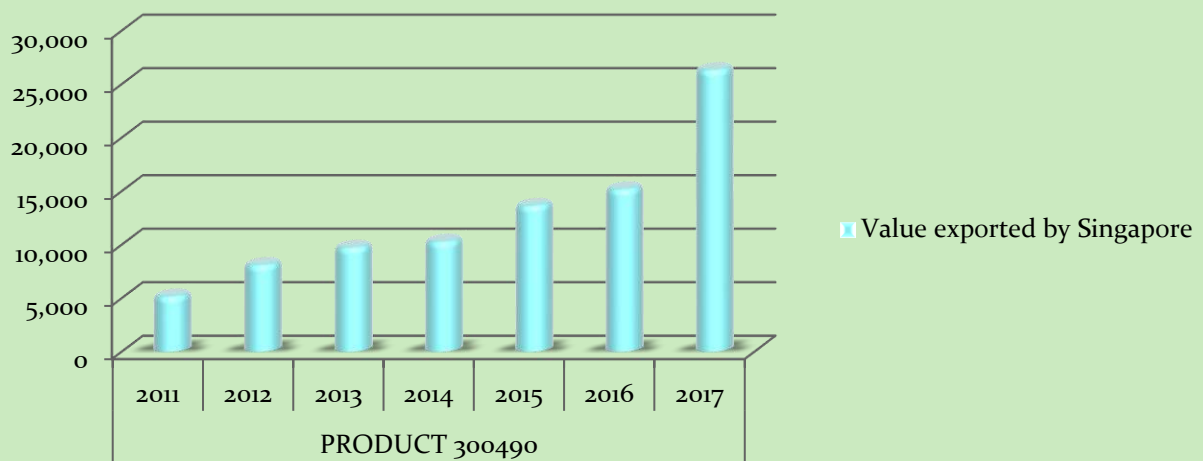
SINGAPORE AND MERCOSUR

Argentina has imported commodities worth USD 116 M in 2017 from Singapore.

- Negotiations in process between Singapore and Mercosur
- Singapore currently has ninety four registered companies from Mercosur countries
- Mercosur countries have 68 affiliates from Singapore.

SINGAPORE AND Product 300490:

Value exported by Singapore



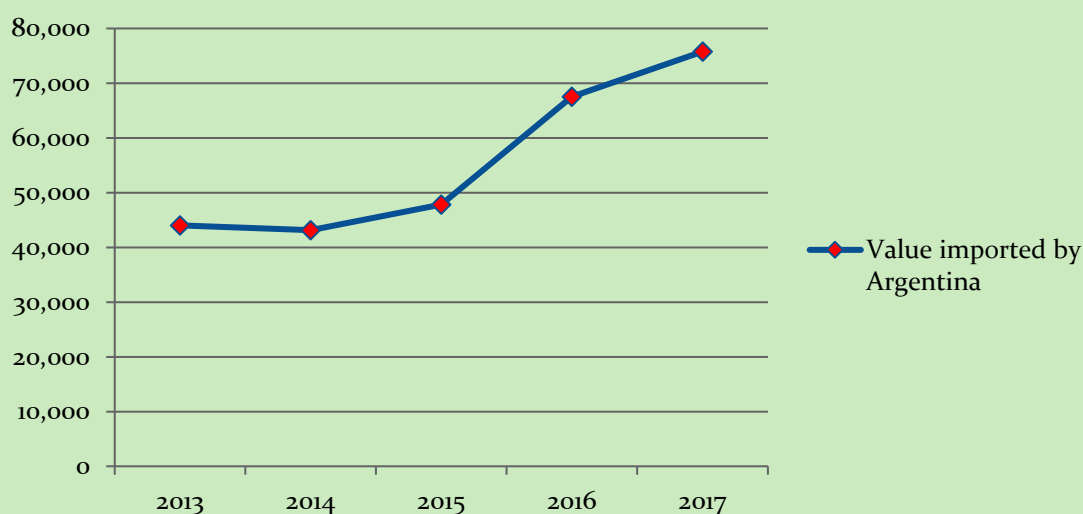
The value of exports has increased with the increase in demand in Argentina. The Singapore currently has no preferential access to pharma market in Argentina and a uniform advalorem tax of 8% is levied by Argentina.

| FACTORS OF COMPARISON | | | | |
|----------------------------------------------------------------------------------------|----------------|--------------|----------------------|------------------|
| <u>USA</u> | <u>GERMANY</u> | <u>INDIA</u> | <u>Pakistan</u> | <u>SINGAPORE</u> |
| <i>Avg. Unit Price\$</i> | | | | |
| 542 M/tonn | 131 M/tonn | 84M/ton | <u>Not Available</u> | 598M/tonn |
| <i>Average distance between partner countries and all their importing markets (km)</i> | | | | |
| 7317 | 3558 | 9272 | <u>Not Available</u> | 7346 |
| <i>Average Tariff applied by ARGENTINA</i> | | | | |
| 10.5 | 10.5 | 10.5 | 0 | 10.5 |
| <i>Ease of Doing Business</i> | | | | |
| 6 | 20 | 100 | 147 | 2 |
| <i>Non Tariff Barriers</i> | | | | |
| 13 | 13 | 13 | 13 | 13 |

640399

| Code | Product label | 2017 | Exporting Countries | Value in 2017 | Share % 2017 |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------------------|---------------|--------------|
| "640399" | "640399 Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather (excluding covering the ankle, incorporating a protective metal toecap, sports footwear, orthopaedic footwear and toy footwear)" | \$75 M | BRAZIL | 26 M | 34.8% |
| | | | VIETNAM | 18M | 24.2% |
| | | | INDONESIA | 13M | 18.2% |
| | | | PAKISTAN | 6 | 0% |

Value imported by Argentina



Value Exported by Pakistan to the World: \$83M

Pakistan has been trying to make a mark in the footwear industry but

its exports have remained stagnant with yearly exports of nearly a \$100 M. The regional competitors are doing far better with only Indian exports amounting at USD 10 B a year. The leather profile of India is similar however Pakistan's footwear exports are only one percent of the Indian footwear exports Vietnam exports footwear worth \$6.23 billion. Pakistan too has the potential in the sector and can capitalize on the world demand. The sector can exploit the availability of top quality

INDUSTRY INPUT

Pakistan's footwear industry however lags in the skill sector where the leather shoes are stitched by hand. The absence of ancillary industry is the sector's biggest weakness. There are environmental concerns as well in exporting the leather shoes as there needs to be a greater degree of compliance with environmental regulations.

leather in Pakistan.

Argentina has shown a good increase in imports of footwear and there can be a good potential for Pakistani footwear to tap.

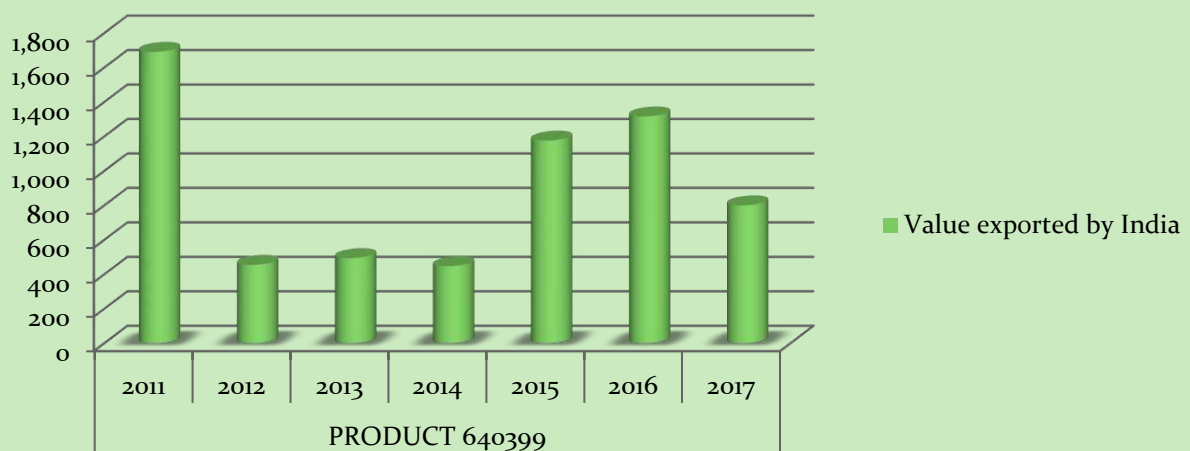
Competitors' Strategies

INDIA

Pakistan's exports to world are only one percent of Indian exports to the world. India's footwear industry is apt with technology and innovation and is a labor intensive sector. The number of manufacturers is constantly increasing that are continuously trying to stay upgraded with technologies and style/comfort patterns. The Indian footwear industry is highly specialized today where they have incorporated machine production facilitating international market. The government support is another crucial factor for the development of India's footwear industry. The Indian government introduced Rs2,600cr special package for fueling the leather and footwear industry. The special package includes the implementation of the central sector scheme "*Indian Footwear, Leather & Accessories Development Programme (IFLADP)*". Under the scheme, 300,000 workers are to be trained and 20-30% subsidy/grant will be given for building a plant and buying machinery.

INDIA AND PRODUCT 640399

Value exported by India



The product growth can be seen to have been hampered in the recent years. This is because of Indian overall decline in the outlook of the industry because of slugged demand from the EU that put pressure on revenues and profitability of Indian footwear.

INDIA and Argentina in 2017

Argentina imported goods worth of 823 M USD in 2017 with highest imports of chap-29 (Organic Chemicals), chap 87- Vehicles and chap 84- Machinery. The export to India from Argentina was recorded at 2.08 B USD with most exports in chap 15- Animal and Vegetable fats, chap 41- Raw hides and skins, and chap 10-cereals. India's growth in the product has gradually decreased.

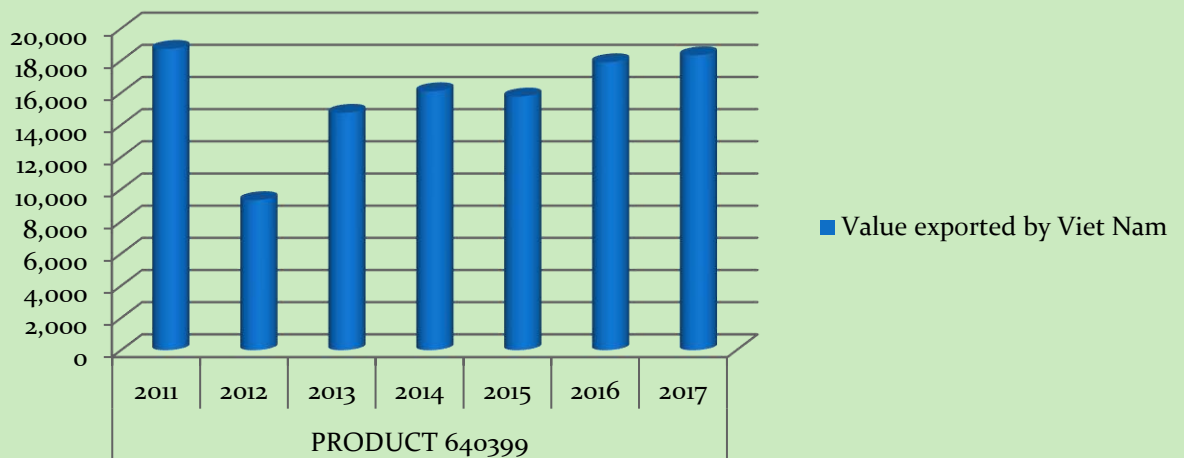
VIETNAM

Vietnam has put in place development plans that focus on sustained development, value addition, constant working on designing and quality for both domestic and international markets. Vietnam has also worked on producing its own raw material for the footwear industry which supports the domestic industry and also is likely to meet the benefit of Rules of Origin as well.

The Vietnam Government has actively been negotiating FTAs that have strong impacts on footwear industry. Typical pacts are

- The Trans-Pacific Partnership (TPP) with 12 Asia - Pacific countries
- The Free Trade Agreement with the EU (FTA/EV)
- The Free Trade Agreement with Customs Union of Russia - Belarus - Kazakhstan, and the ASEAN Economic Community Agreement effective in 2015.

Value exported by Viet Nam



VIETNAM AND ARGENTINA

The imports of Argentina from Vietnam were recorded at 621 M USD with highest imports in chap 85- Electrical Machinery, followed by chap 64- Footwear and chap 84- mechanical appliances. Argentine exports to Vietnam enlist chap 23- Residues and waste from the food industry, chap 10- Cereals, and chap 03-Fish and crustaceans. The total export was value at 2.2 B USD in 2017.

INDONESIA

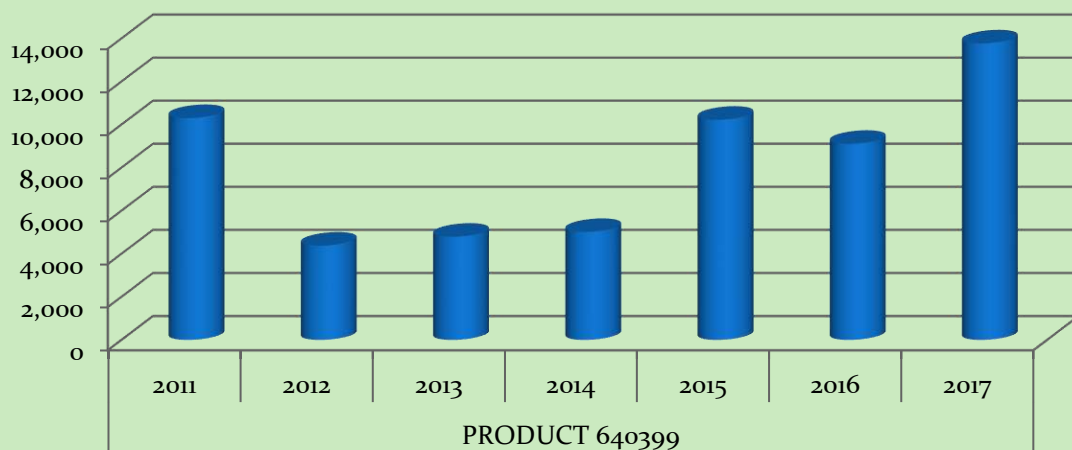
Indonesia is the 5th largest exporter of footwear to the world. The national footwear industry of Indonesia is more generated by large and medium industries both in terms of value and in the amount of production. There are various government initiatives taken that have boosted the performance of the industry. More recently, In 2016, the Government of Indonesia offered entrepreneurs from footwear and textile sectors that gave 50 percent discount on income tax from 5 percent to 2.5 percent to those workers who earn a maximum of IDR 50 million per year. There is also a tax holiday scheme offered by government where businesses are exempted from paying income taxes from 5 to 15 years and in some cases upto twenty.

Apparel, leather goods, footwear industries in all regions are eligible for the tax incentives among others.

Skill Development Plans:

Indonesia has worked on the skill development of its labor through Public-Private partnerships. One example is, The Canada–Indonesia Trade and Private Sector Assistance (TPSA) project organized training for footwear-producing small and medium-sized enterprises (SMEs) in Bandung and Jakarta. The goal of the workshops was to increase the knowledge and skills of Indonesian footwear producers to allow them to successfully export to Canada. An assessment by TPSA experts in the Canadian footwear industry identified areas where Indonesian footwear SMEs likely need assistance: marketing, building a successful product line, and production techniques tailored to the export market. In addition, SMEs in the footwear industry would be helped by training in negotiating skills, English-language skills, Canadian business practices, and creating and maintaining appropriate company websites.

Value exported by INDONESIA



INDONESIA AND ARGENTINA/ MERCOSUR

Argentina is the 2nd biggest trade partner of Indonesia in Southern America region, with the trade value reaching USD 1.42 billion in 2017. Chap 64- Footwear records the highest value imported from Indonesia followed by Chap 40- Rubber and Articles and chap 87- Vehicles. Argentine exports to Indonesia were at 1.07 B USD with “chap 23-Residues and waste from food industries”, “chap 10- Cereals, and chap 52- Cotton” with most value occupying chapters.

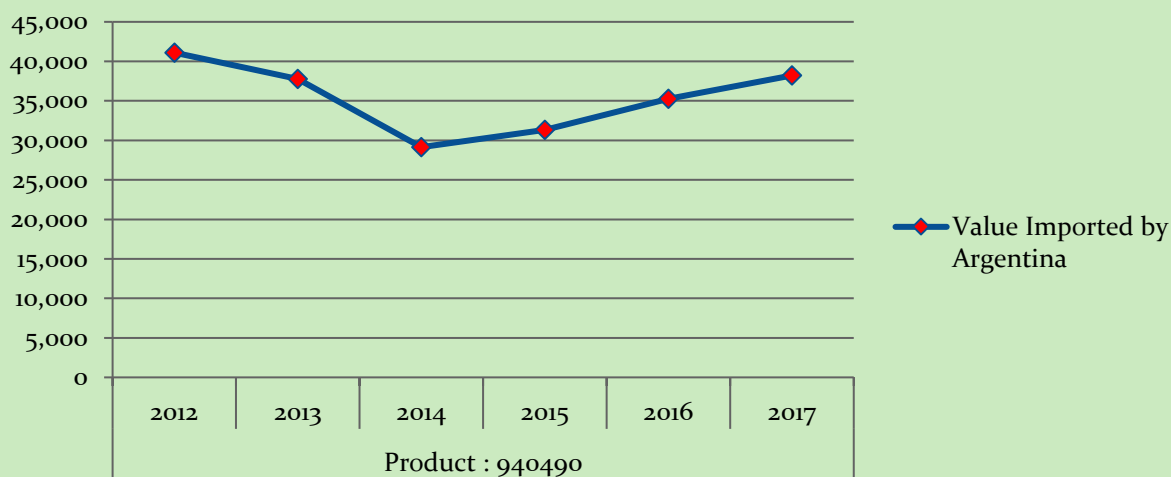
| FACTORS OF COMPARISON | | | | |
|----------------------------------------------------------------------------------------|------------------|--------------|-------------------------|---------------|
| <u>VIETNAM</u> | <u>INDONESIA</u> | <u>INDIA</u> | <u>Pakistan</u> | <u>BRAZIL</u> |
| <i>Avg. Unit Price \$</i> | | | | |
| 24 M/tonn | 24 M/ton | 19 M/tonn | 41 M/tonn (mirror data) | 34M/tonn |
| <i>Average distance between partner countries and all their importing markets (km)</i> | | | | |
| 9340 | 11188 | 7682 | 5905 | 6863 |
| <i>Average Tariff applied by ARGENTINA</i> | | | | |
| 35 | 35 | 35 | 35 | 0 |
| <i>Ease of Doing Business</i> | | | | |
| 68 | 72 | 100 | 147 | 125 |
| <i>Non Tariff Barriers</i> | | | | |
| 7 | 7 | 7 | 7 | 7 |

Source: trademap

940490

| Code | Product label | 2017 (\$) | Exporting Countries | Value in 2017 (\$) | Share % 2017 |
|--------|-------------------------------------------------------------------------------------------------------|-----------|---------------------|--------------------|--------------|
| 940490 | "Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ..." | 38 M | China | 30 M | 79% |
| | | | Brazil | 2.8 M | 7.5% |
| | | | Uruguay | 2.8 M | 7.3% |
| | | | Pakistan | 155 (T) | 0.4% |

Value Imported by Argentina



Value Exported by Pakistan to the World: \$79M

The articles under this category that are exported from Pakistan are more of textile category but are headed by chapter 94- that is Furniture. The goods exported under code 940490 are Bed items (includes: pillows, cushions, quilts, etc.) that are internally stuffed.

Pakistan has a skilled craftsmanship in this sector however the share in the export market of the world is negligible. With \$79 M exports of the commodity, Pakistan furniture industry has somewhat been trying to make a mark in the international market. India, however recorded exports of 389 M USD of the same product in the international market. Pakistan's industry hasn't been able to capture international market for internal drawbacks such as increased cost of transport due to a significant rise in the fuel prices and also the technological disadvantage due to which the industry employs traditional methods in the manufacture of the furniture instead of innovative methods.

Competitors' Strategies

CHINA

China has been driving its success by incorporating innovation in nearly all its sectors. Chinese products are widely being acknowledged for their cost competitiveness, because the industry utilizes its own raw materials. In the beddings, the current trend is tilted towards the environmentally friendly products and China has come up with ecofriendly product offerings. There's an increased investment made natural and affordable materials-going zero waste. Such products are gaining increased attention in the world market because consumers are becoming more aware of the harmful effects of the chemical and synthetic products used in regular beddings. Also, the cooling gels and fabrics have more comfort and convenience than regular materials therefore consumers are giving more preference to eco-friendly items. These items, however more costly, eliminate the heat produced from memory foam beddings and offer better support and comfort and thus are preferred more in the market. China's adaptation of environmental friendly beddings along with cost advantage has majorly contributed to the success factor of Chinese Industry.

CHINA and product 940490 in Argentina:

Value exported by china



Source: trademap

CHINA and Argentina/Mercosur

China is keen on Mercosur markets and is seeking a free trade agreement with the economic bloc. For the year 2017, Chinese exports to Argentina amounted at 12 B USD with

main imports from chap 85-electrical machinery, chap 84- Machinery and Mechanical appliances and chap 29- Organic chemicals. The exports to China from Argentina was billed at 4 B USD, chap 12- Oil and seeds, chap 2- meat and edible meet, and chap27- mineral fuels and mineral oils.

| Factors for Comparison | | |
|------------------------------------------------------------------------------------------------|--------------|---------------|
| Pakistan | China | Brazil |
| Unit Value USD/tonn (Average value per unit of quantity of the commercial transactions) | | |
| 6458 | 5168 | 7471 |
| Average distance between partner countries and all their importing markets (km) | | |
| 8819 | 7832 | 4190 |
| Average tariff (estimated) applied by Argetina (%) | | |
| 18 | 18 | 0 |
| Ease of doing business ranking | | |
| 147 | 78 | 125 |
| Number of non-tariff requiremets applied by Argentina | | |
| 1 | 1 | 1 |

Source: trademap

Chapter 8 DEMAND AND SUPPLY SIDE ISSUES

The exports of the country have notably increased in the past year however the trade balance shows a huge deficit for its import bills surpassing the exports to \$29.8 billion in cumulative ten-month period (July 2017-April 2018). The country has progressed in exports notably in the past few years but when compared to the global development, demand and market expansion that Pakistan could have tapped, the country has underperformed. The country faces the following issues while exporting its products to Argentina.

Supply Side Issues

Following are the concerns of Exporting Industries in the relevant products

- **Pharma:** Fees imposed by Drug Regulatory Authority of Pakistan documenting medicines.
- **Footwear-leather:** an increase in cost of production, failure of domestic industries to comply with environmental standards and a decline in supply of leather as a raw material.
- Meeting environmental compliance.
- Access to trade finance
- Identifying potential markets and buyers
- Inappropriate production technology and skills
- Technical requirements and standards abroad
- Meeting the quality with quantity demanded.
- Tariff and Non Tariff measures in destination market
- Domestic transportation causing delays
- Higher Energy Costs
- Delay in Payments
- Language Barrier
- Time Difference

Demand Side Issues

- Delays in delivery due to international transport
- Complicated processes at foreign customs
- Heavy documentation
- Un recognised Pakistani products
- Language barrier

- *The exporters have to wait for the release of huge sum of money blocked in sales tax, income tax and customs duty rebate claims, which is responsible for liquidity crunch. Timely release will encourage exporters to invest in trade.*
- *The Pakistan Textile Exporters Association (PTEA) has raised greater concerns for the tariffs imposed within the country. The industrial gas tariff was almost 100% higher and electricity price is about 50% higher compared to regional competitors.*

“Dawn”

- Controlled supplier structure
- Time and distance
- Laws in place strengthening domestic/regional industry

Technological advancement hampers every industry. There's not enough investment made in R&D and Technology and therefore productive capacity of the sector has remained

Chapter 9 SWOT

STRENGTHS

Commercial Counselor in Argentina

Pakistan has an existing Commercial Counselor section in Buenos Aires (Argentina)

Government Support

- The 2% additional drawback has been offered on exports to non-traditional markets including Latin America.
- Export Package

No existing perception of Pakistani goods (good or bad)

- Pakistan can work on its branding from scratch in the given country and has no prevailing bad image to counter

WEAKNESS

- Nearly No established presence in Argentine market
- Distance and No Direct Flights
- Pakistan's business community remains preoccupied with Traditional Markets.
- Language Barrier
- The official language of Argentina is Spanish and therefore that poses a communication error

OPPORTUNITIES

Opportunities

- Emerging economy
- Gaining a foothold in one South American market makes it much easier to gain access in neighboring markets
- A joint venture in one Mercosur nation gives advantageous access to other

Mercosur markets.

- Mercosur is one of the fastest growing economic regions in the world.

THREATS

- Dwindling Economy- 2nd recession in period of 3 years
- Bilateral trade agreements between South America and competitors.
- Argentina and Uruguay have bilateral agreements with Mexico along with Chile, who also a bilateral with Canada. Brazil has indicated its intention to negotiate an agreement with Mexico. The exporters of Mexico and Canada enjoy an advantage

- **Visa Issues**

It has been observed that the Embassy of Argentina in Pakistan is strict about granting visas to Pakistani businessmen and this affects our trade promotion efforts adversely. They require at least 45 days processing the applications. It is recommended that in future, selected companies must apply for Argentina visa at least two to three months before the start of the event.

- **Argentina's policy to protect domestic Industry .**

Chapter 10 MARKET INITIATIVES BY TDAP (2017-18)

| | | |
|-------------------|-------------|------------------|
| Emitax, Argentina | April, 2018 | Textile Products |
|-------------------|-------------|------------------|

Chapter 11 COMPILATION OF INPUTS FROM TRADE MISSION:

The following activities were performed by the Trade Mission in the Second Quarter- April to June 2017.

| ACTIVITY | DETAILS |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Visit of the Commercial Counselor to Jumbo, Carrefour Headquarters for arranging B2B meetings for the incoming delegation | Six Pakistani textile companies visited Argentina from Pakistan to participate in the Emitex textile fair. CC visited the major retailers in the City to invite them to the fair and informed them about the profile of the incoming companies. |
| Pakistan Pavilion at textile Fair in Argentina. | Pakistan Pavilion was set-up by the Commercial Section at the Emitex fair which housed four Pakistani companies named Interloop, Adamjee, KB Enterprises and Fazal Cloth Mills |
| Investment opportunities in Pakistan | Miguel Boffeli, an Engineer went to Pakistan for re-initiation of work on Tuwairqi steel mills-an FDI by KSI, Kobe of Japan and Midrex making investment in Pakistan for producing more than one million tons of steel capacity |
| Development in SCE 2018 | Visit to Santiago, Chile from April 22nd 2018 to 29th April 2018 to finalize arrangements for the SCE in May 2018 |
| B2B Meetings Preparations | Various meetings in Santiago with retailers and distributors to extend an invitation for the B2B meetings at the Pakistan Single Country Exhibition in Chile in May 2018. |
| Business Visas for Pakistani Exporters/Exhibitors | Visit to the Foreign office of Chile and informed them about the incoming group of businessmen for the fair and sought their support for Customs clearance, and visa help. |
| Visit of HH Skills Sports Company from Pakistan | Meetings were arranged for the visiting owner of Sialkot based company with sports ball distributors. He generated USD 100,000 sales in one week. Moreover Cencosud group imported all their footballs from GoldSoni company based |

| | |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | in Sialkot, which is a sister concern of HH Skills |
| Rosario, Santa Fe district Potential Importer. Mr. Ramon Araya | Meeting of CC with Mr. Ramon Araya He is from Rosario city, he and his partner are interested on going to Pakistan, they want to import bed linen. CC gave them contacts of Faislabad based companies to start business. |
| Samples | The Embassy received samples of companies which are trying to export to Argentina |
| Attestations | provided commercial visas and attestation for Pharmaceuticals Companies. |

| ACTIVITY | DETAILS |
|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Meetings with Falabella, Chile, Cencosud and Walmart/Lider Stores in Chile | In connection with SCE 2018 in Santiago, Chile the Commercial Section contacted the big commercial centers of Chile to invite them to the fair for the B2B meetings |
| Meeting with Chile Foreign Office | The CC met with the officials of the Foreign Office in Chile to resolve the visa issue problems of the Pakistani exhibitors. He also invited the top officials to attend the Welcome Ceremony at the SCE in Santiago on 27 th May 2018. |
| Meeting with Governor Ms. Karla Rubilar, Representative of the President of Chile at Santiago | The CC met with Ms. Karla Rubilar and invited her as Chief Guest for the Welcome ceremony at the Pakistan SCE in May 2018. |
| Meeting with owners of Carpet Brand DTURKIA ALFOMBRAS. | The CC met with the owners of the Carpet brand in Chile and put them in contact with Lahore based companies. The two owners wanted to visit Pakistan in June to meet the Pakistani carpet suppliers. Mr. Murtaza helped them with the visa issues and provided them useful contacts in Pakistan. |
| Meeting with Mr. Rodrigo Tilleria, an entrepreneur who wants to import Footballs from Pakistan. | The CC met with the businessman Mr. Rodigi Tilleria who contacted the CS for contacts for football suppliers of Pakistan. He wants to make a big investment in procuring sports goods from Pakistan and start his own brand in Chile. The CC invited him to the SCE to establish his contacts with the visiting sports companies. |
| Meeting with Governor Ms. Karla Rubilar, Representative of the President of Chile at Santiago | The CC met with Ms. Karla Rubilar and invited her as Chief Guest for the Welcome ceremony at the Pakistan SCE in May 2018. |
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| | |
|--|------------------------------------------------------------|
| | establish his contacts with the visiting sports companies. |
|--|------------------------------------------------------------|

| Activity | Follow up action |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Called old Falabella contact Patricia Donoso, who appeared to have changed companies. I managed to get the Corporate Manager for the Commercial Section of Falabella's e-mail and phone number. New TDO hired at the Embassy. | Contact Mr. Jorge Fuenzalida, Corporate Manager for the Commercial Section of Falabella, get him to agree to meet with Mr. Murtaza in Argentina this week. The new TDO was coached to prepare a speech with key points of discussion for telephonic sales pitch and to obtain meetings for CC with importer companies: Speak on behalf of Commercial Counselor of Embassy of Pakistan (this carries weight that can assure a meeting take place, at the very least). Interloop Company agent from Pakistan travel to Argentina/Chile indicating great extent to which he is willing to do business with South American Companies. To convey to Argentina Sports companies to pitch Pakistan as a centre of excellence for Sports Goods as evident that FIFA WCP 2018 in Russia is using balls made in Pakistan. Mention Emerging Pakistan, Companies which took part, opportunities, exchange, reciprocity First World Cup ball; 2014 Brazuca; 2018 Telstar Home Textiles INTERLOOP, largest sock manufacturer IN THE WORLD; exports to EU. Samples, stock. |
| Meeting with Bejamín Gaviña for Business Visa Application | Follow-up meeting arranged with Mr. Murtaza for Friday the 13 th of July in order to discuss his plans for his trip to Pakistan. BV already Approved. He is making an investment of Rs 20m in Silos bag manufacturing technology in Pakistan to provide storage facilities to the dairy farms. The CC guided him to register his company with SECP in Pakistan and a joint venture possibility with a Pakistani company which is already under process |
| Meeting with owner of Sports Company | CC met with Mr. Jorge Naser who wants to import motorcycle jackets and Gloves from Pakistan and provided him with contacts in Sialkot. |
| Meeting with owners of Hockey brand 'FLY STICKS' in Argentina. | The CC met with the owners of the hockey stick brand who wants to import hockey sticks and all the allied sports equipment from Pakistan. The Fly group provided all the specifications and the CC has arranged for their samples from Pakistan. |

Chapter 12 CONCLUSION /recommendations

Argentina is a second largest market of South America and doing business with Argentina means accessing other important markets in the region. The following recommendations can be utilized to ensure maximum out put to the destination country.

- Interaction with Argentine counterparts in universal tradeshows such as those held in Dubai (145 Argentine exporters participated in Dubai Expo last year).
- For leather environmental concerns, the optimal utilization of effluent treatment plants existing within country may be carried out. (*“Effluent treatment plants in Korangi, Combined effluent treatment plant in Kasur and Cleaner Production Centre in Sialkot”*)
- The skill development program of the footwear industry in collaboration with Canada/USA be conducted for the training of worker task force.
- A PTA has been signed but not yet notified to WTO¹⁵. A PTA be re negotiated/enforced on the product lines that can benefit Pakistan.
- Inclusion of Pakistan in presidential annexes of Pharma for access of Pakistani pharmaceuticals in pharma market of Argentina.
- Steps be taken to secure FDA approved plants for Pharma as to gain easy access to international markets. India has 150 FDA approved plants in India and Bangladesh now has 4 FDA approved plans.
- Argentina has infrastructure development plans in line. It is recommended to enhance capacity of construction items (steel/cement) for exports.
- Participation in potential industry relevant trade shows¹⁶:
 - Congress and Exhibition for the Pharmaceutical, Biotechnological, Veterinarian and Cosmetics Science and Technology (ETIF)
 - Footfall
 - Visitors: 1000 - 5000
 - Exhibitors: 100 – 500
 - Expo Medical

¹⁵ <https://aric.adb.org/fta/pakistan-mercosur-preferential-trade-agreement>

¹⁶ <https://10times.com/argentina/tradeshows>

- Footfall
 - Visitors: 5000 - 20,000
 - Exhibitors: 100 – 500
- EXPOCAIPIC
 - Expo fair on footwear- held bi annually
- Fimar 2019. Feria Internacional del Mueble Argentino
 - Trade fair on Furniture (for bedding items)

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