



MINISTRY OF COMMERCE

**2ND PHASE OF CHINA
PAKISTAN-FTA (CPFTA)**

25th March ,2013

Sequence of Presentation

- Background
- FTA Features
- Pak-China Trade
- Towards 2nd Phase
- Negotiation Strategy for 2nd Phase
- Ministry of National Food Security and Research
- Ministry of Textile Industries
- Ministry of Industries
- TDAP
- Conclusion

Background

- Market access initiatives with an economic giant-world's major trading nation
- First ever bilateral FTA of China covering trade in goods and investment
- Long term objectives of trade integration with China
- Cautious approach adopted for a phased programme for tariff elimination
- PTA-2003, EHP-2006, FTA in Goods and Investment-2007, FTA in Services-2009

FTA Features

- Ten Years TLP
- Core and nascent industries protected by Pakistan
- Market access given to China on raw materials/industrial inputs
- Engagement to the extent of Trade in Goods in the first Phase
- Investment and Services part yet to be fully operationalised

Pak China Trade

US\$ Million

YEAR	TOTAL EXPORTS	TOTAL IMPORTS	TOTAL TRADE	BALANCE
2006-2007	575.90	3533.36	4109.26	- 2957.46
2007-2008	684.79	4696.35	5381.14	-4011.56
2008-2009	701.04	4085.74	4786.78	-3384.69
2009-2010	1153.86	4410.55	5564.41	-3256.68
2010-2011	1633.76	5789.45	7423.21	-4155.69
2011-2012	2183.66	6717.25	8900.91	-4533.59

Towards 2nd Phase

- Decisions of the Inaugural Meeting (March 2011)
- TORs for 2nd Phase of China-Pakistan FTA Negotiations
- Tariff Reduction Modality
- Sub Group on Verification of Certificate of Origin was established
- 268 Tariff Lines proposed for unilateral concessions

ToRs for 2nd Phase

- Liberalise, facilitate and promote Transparency
- Strengthen economic and technical cooperation to support FTA objectives
- Enhance market access for trade in goods
- Actions to speed up the process of tariff elimination
- Negotiating mechanism:
 - Trade Negotiating Committee
 - Working Groups to negotiate on specific areas
 - Right to consult private sector

Tariff Reduction Modality of China

Category No.	Track	No. of Tariff Lines	% of Tariff lines at 8 digit
I	Elimination of tariff (Three years)	2681	35.5%
II	0-5% (five years)	2604	34.5%
III	Reduction on Margin of Preference of 50% (five years)	604	8%
IV	Reduction on Margin of Preference of 20% (five years)	529	7%
V	No Concession	1132	15%

Tariff Reduction Modality of Pakistan

Category No.	Track	No. of Tariff Lines	% of Tariff lines at 8 digit
I	Elimination of tariff (Three years)	2423	35.6%
II	0-5% (five years)	1338	19.9%
III	Reduction on Margin of Preference of 50% (five years)	157	2.0%
IV	Reduction on Margin of Preference from 20% (five years)	1768	26.1%
V	No Concession	1025	15.0%
VI	Exclusion	92	1.4%

2ND PHASE - PREPARATIONS

- IMMs with the Stakeholders
(M/Textile, Industries, MNFSR, FBR, EDB, TDAP,PITAD)
- August 2012
- September 2012
- December 2012
- March 2013

Negotiation Strategy for 2nd Phase

- Underlying principles of efficient bilateral /multilateral arrangements
- Based on our Strengths-Weaknesses and Realities
- Economic environment in Pakistan
- Emphasis on reducing trade deficit
- Identification of Areas
- Needs assessment of export sectors
- Project proposals on Capacity Building, Skill enhancement and Technology Transfer

Contd..

- Elimination of NTBs
- Review/Modification of Lists of 1st Phase
- Sharing of Request List with China
- Consultation with Stakeholders

Ministry of National Food Security and Research

- Two Request Lists (59 and 193 tariff lines)
- Consultation with Stakeholders for consolidated Request List
- Consolidated Project Proposals on
 - i. Agri Export Development
 - ii. Horticulture
 - iii. SPS
 - iv. Quarantine Infrastructure
 - v. Agri Technologies

Ministry of Textile Industries

- Request List of 468 tariff lines (231 for immediate zero rating)
- One Category up Strategy
- Consolidated Project Proposals on Improved Processing and Quality of Textile and Made-up Articles, Skill Development Institutes etc
- Project Concept Paper on Market and Product diversification of Textiles for Chinese Market

Ministry of Industries

- Request List is under process
- Project proposals on technical assistance forwarded by manufacturing sector :

Sports goods, Cutlery and Utensils,

Pharmaceutical, Marble, Paper and paper board,

Air conditioner and domestic appliances, Pumps,

Aluminum, Glass, Surgical, Fans and Leather

TDAP

- Sector wise consultations and Trade analysis
- Request List of 128 tariff lines
- Assistance for vocational and technical education for sectors such as:
 - Fans, Surgical, Gloves, Ready made Garments, Gems and Jewelry,
 - Footwear Textile processing, Foundry and Engineering

Conclusion

- Effective coordination among the public and private sectors
- Intensive engagement between Ministry of Commerce (MOFCOM) of China and Ministry of Commerce of Pakistan
- Pro active response of Stakeholders – a critical factor

Thank you