

# Pakistan's Trade with Central Asia

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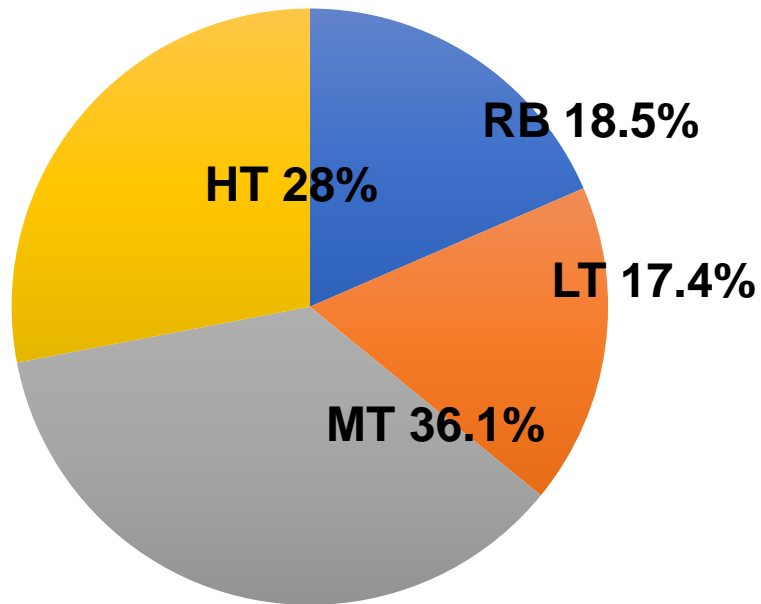


# Sequence of the presentation

- Situation Analysis: Pakistan's Structure of Exports
- Situation Analysis: Pakistan's Export and Import Performance
- Pakistan's Trade with Central Asia
- Pakistan's Selected Trade Indicators
- Conclusion

# Situation Analysis: Structure of Manufactured Exports

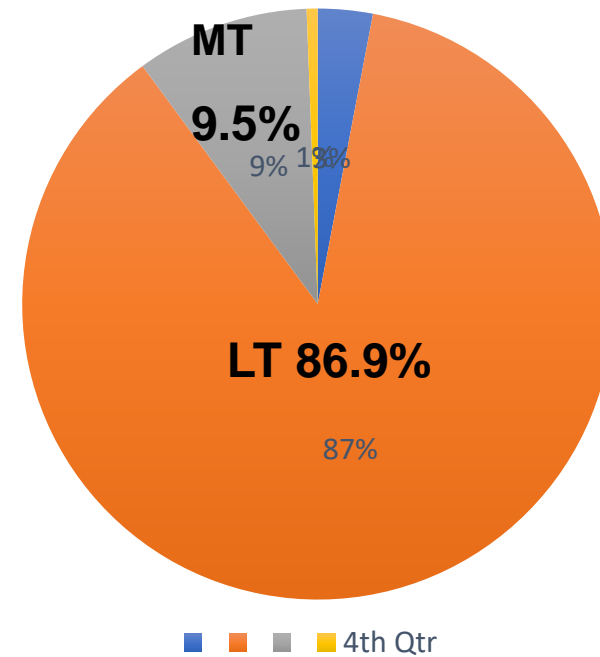
## WORLD



## PAKISTAN

HT 0.6%      RB 3%

Year 2002

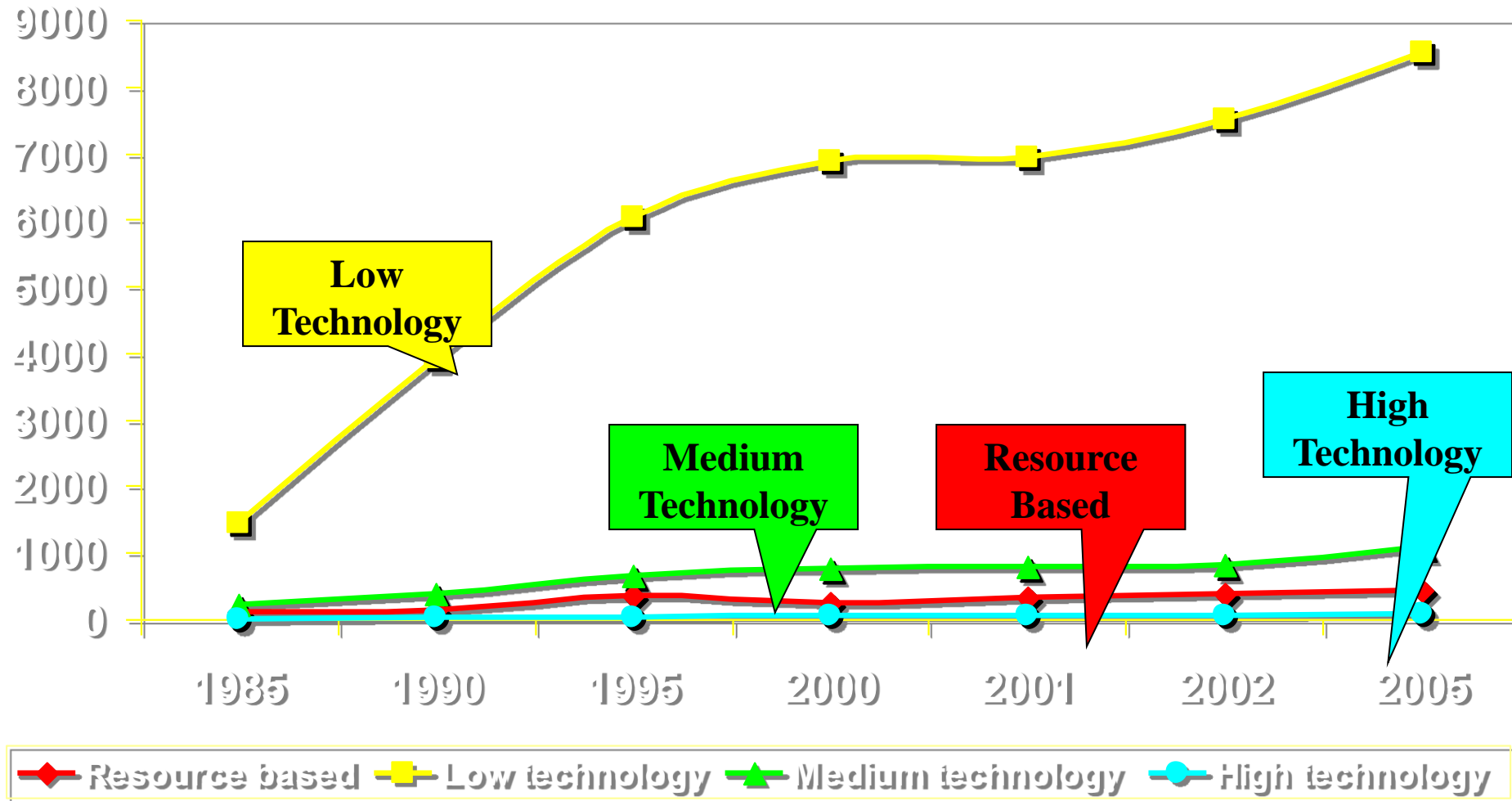


■ Resource based (RB) Exports ■ Low Tech (LT) Exports  
■ Medium Tech (MT) Exports ■ High Tech. (HT) Exports

Source: Industrial Development Report, 2005 (UNIDO)



# Pakistan's Exports by Technology Categories (US\$ million)



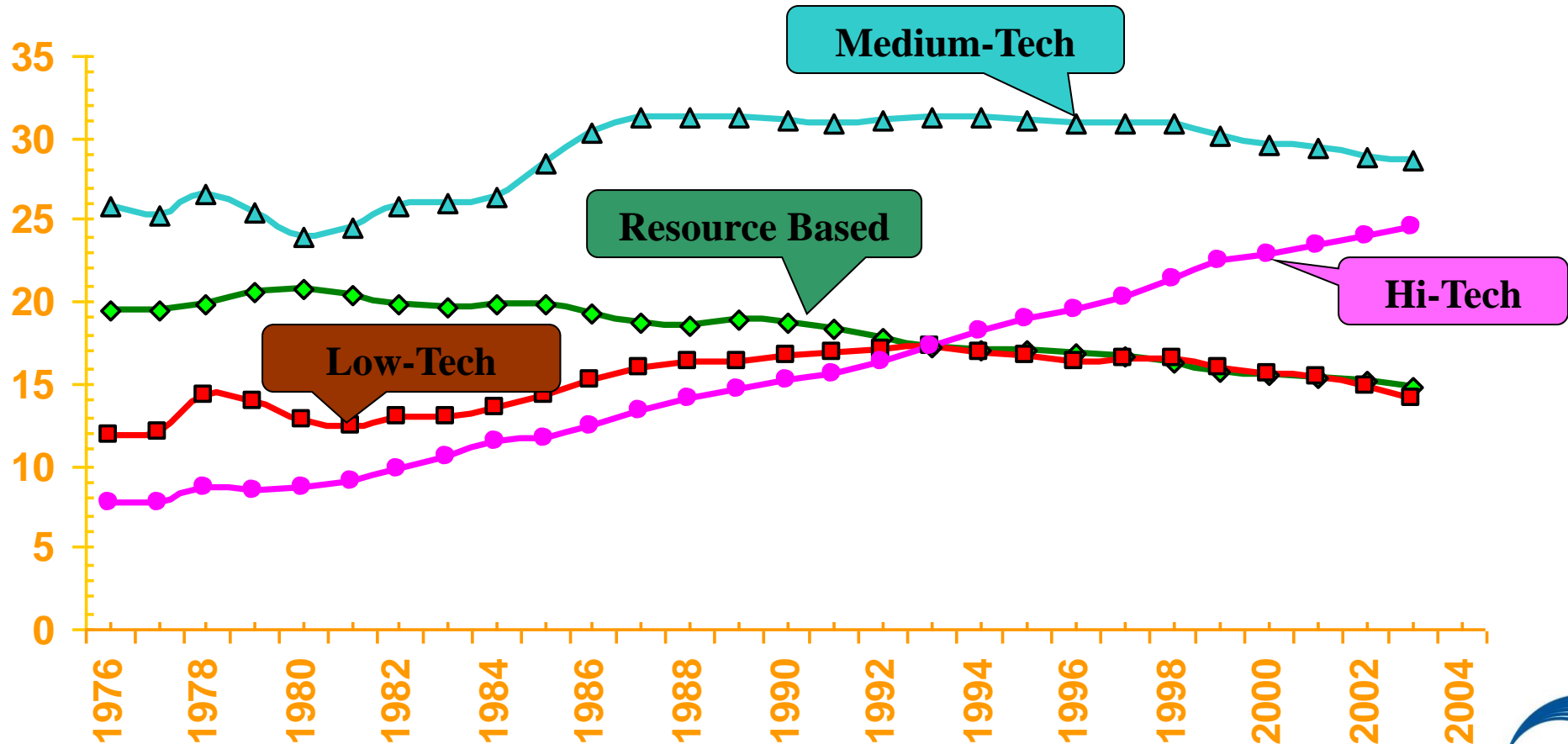
Source: Oxford / Cambridge Sarya Sel

# Competitive Value Addition Index

<b>Countries</b>	<b>Mfg. Value Added (MVA) Per Capita (\$) (2004)</b>	<b>Mfg. Exports Per Capita (\$)</b>	<b>Share of Medium and High-Tech Activities in MVA (%)</b>	<b>Share of MVA in GDP (%)</b>	<b>Share of Medium and High-Tech Goods in Mfg. Exports (%)</b>
<b>Pakistan</b>	<b>79</b>	<b>58.3</b>	<b>35.1</b>	<b>15.7</b>	<b>10.1</b>
<b>India</b>	<b>78</b>	<b>38.5</b>	<b>58.4</b>	<b>17.4</b>	<b>19.7</b>
<b>China</b>	<b>359</b>	<b>235</b>	<b>57.3</b>	<b>34.5</b>	<b>45.6</b>
<b>Malaysia</b>	<b>1,516</b>	<b>4,121</b>	<b>65.1</b>	<b>35.9</b>	<b>76.2</b>
<b>Korea</b>	<b>4,859</b>	<b>3,591</b>	<b>64.1</b>	<b>33.9</b>	<b>70.6</b>

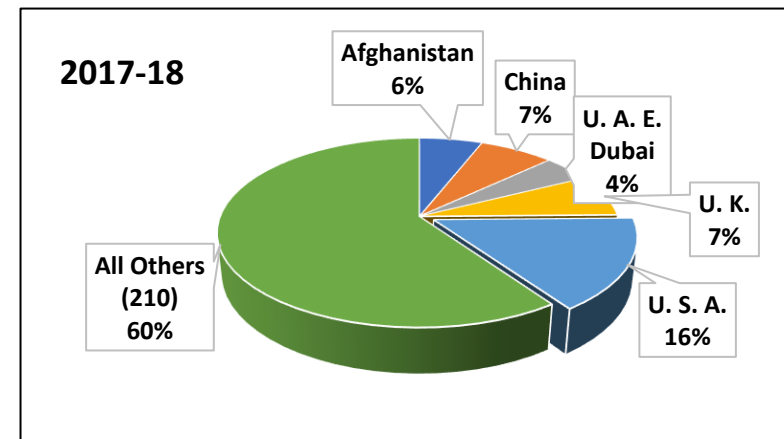
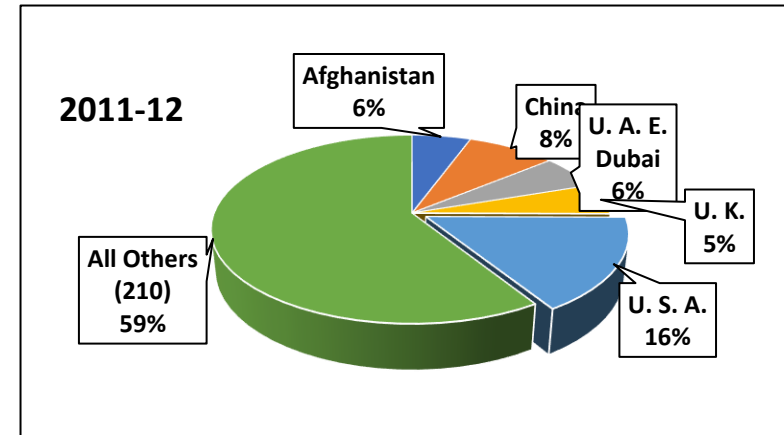
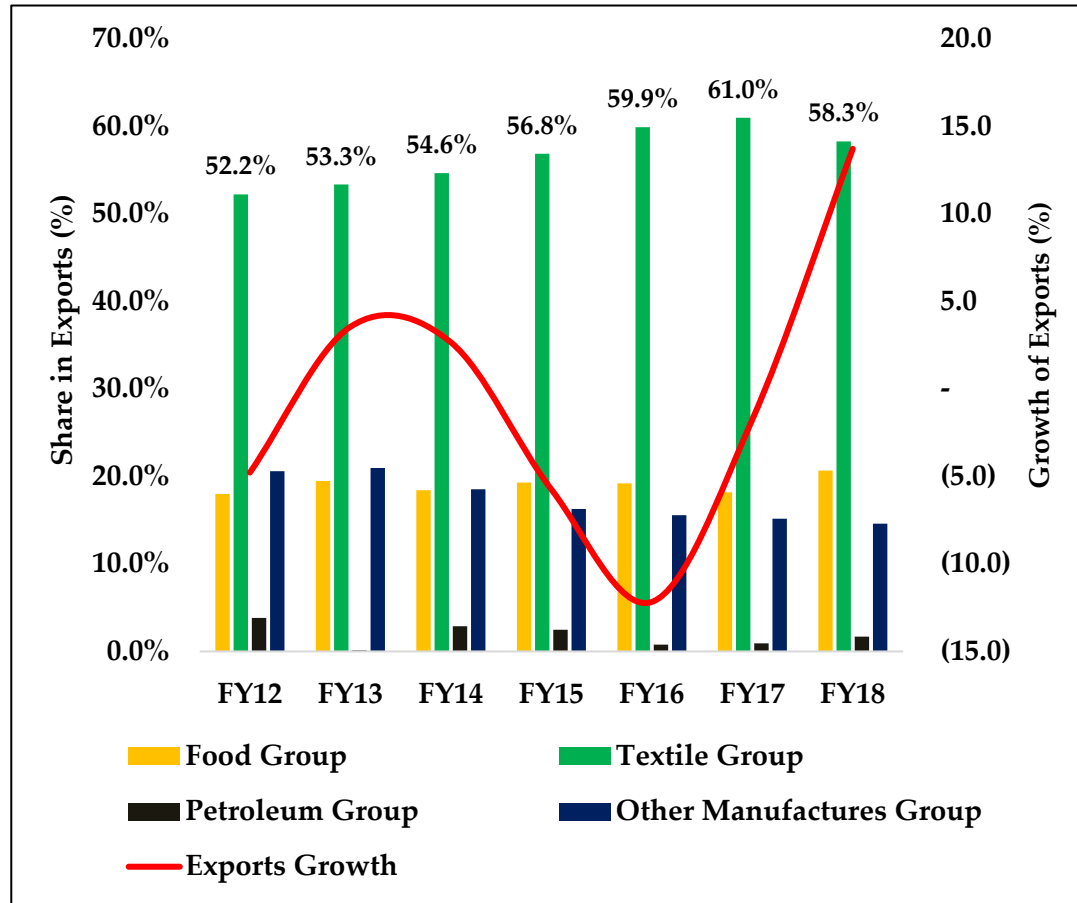
# In World Trade, The Role of Technology Is Even Larger

Shares of manufactured products in world exports by technology (%)



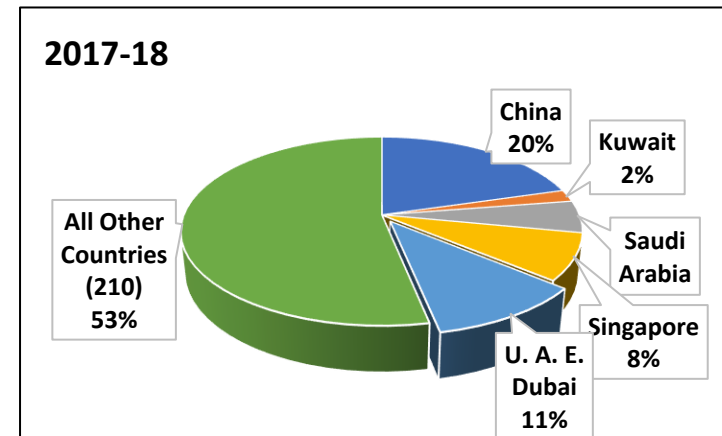
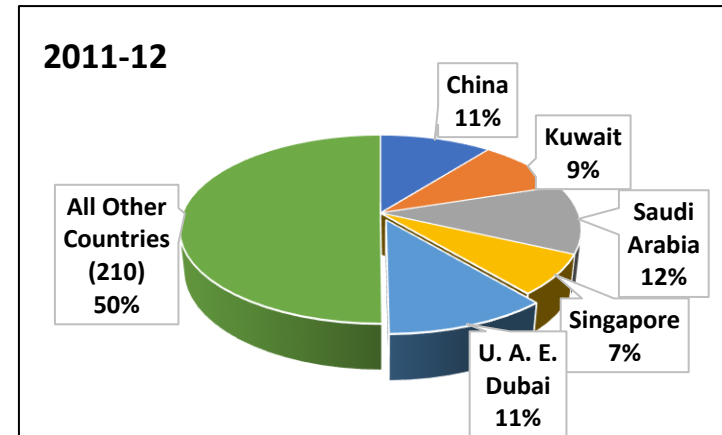
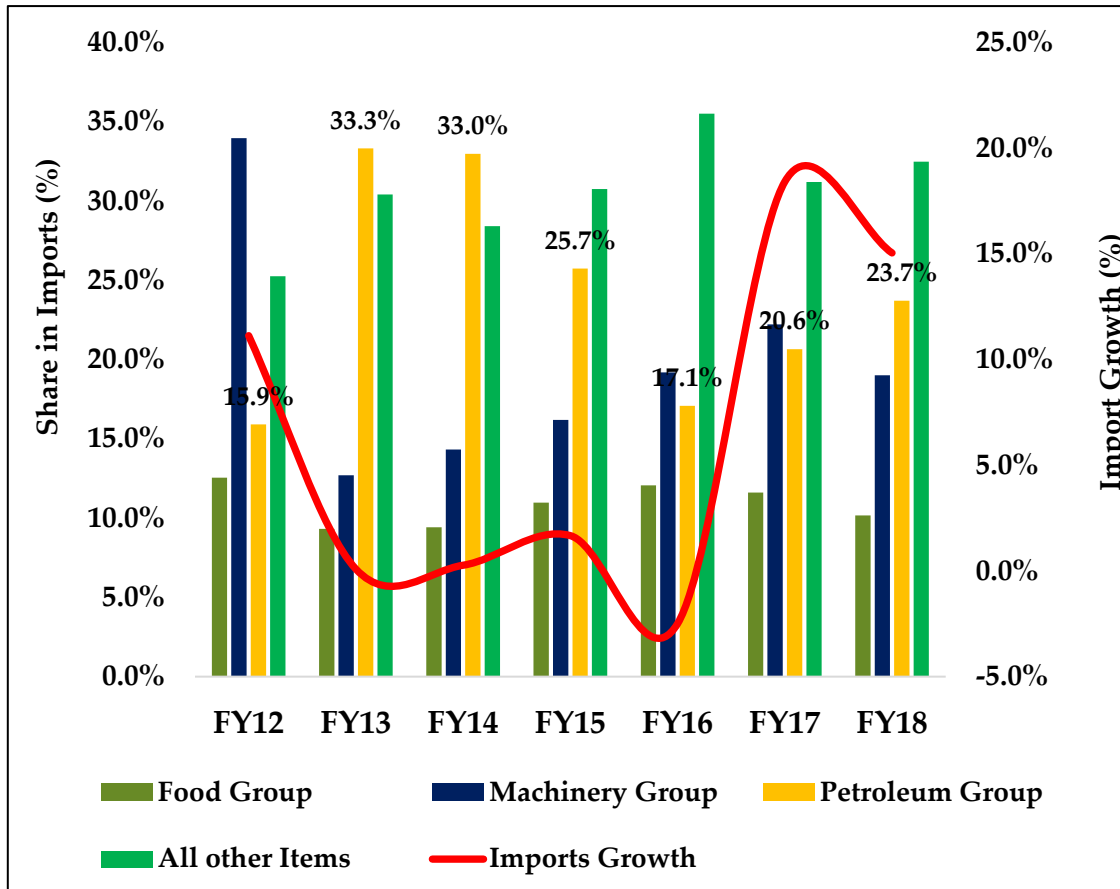
Source: Oxford / Cambridge Sarya Sel

# POOR EXPORT PERFORMANCE – LOW VALUE ADDED



Source: State Bank of Pakistan

# IMPORT PERFORMANCE – HIGHLY INELASTIC INCREASINGLY DEPENDENT ON CHINA



Source: State Bank of Pakistan



# Pakistan trade with Central Asia

	EXPORT			IMPORT			TRADE BALANCE	TRADE VOLUME
	2006	2011	2018	2006	2011	2018	2018	2018
<b>Afghanistan</b>	991503	2660295	1347934	64943	199529	508361	839,573	1,856,295
<b>Kazakhstan</b>	8516	5770	86898	2549	7769	3310	83,588	90,209
<b>Kyrgyz Republic</b>	1028	922	1511	388	4	121	1,390	1,632
<b>Tajikistan</b>	472	623	9405	3506	124	3344	6,061	12,750
<b>Turkmenistan</b>	762	1075	797	8769	28595	17996	-17,199	18,794
<b>Uzbekistan</b>	2089	3512	17282	18247	10692	3330	13,951	20,613

Source: Compiled by Authors – WITS, 2018 (Thousand US \$)



## Pakistan's Selected Trade Indicators: *Product RCA and Share of top 15 exports*

	2006		2016		Variation 2006/16 (no. of new product categories with RCA>1)
	Total Products RCA>1	% of top 15 exports with RCA>1	Total Products RCA>1	% of top 15 exports with RCA>1	
AFG	34	100	24	86.7	7
KAZ	33	86.7	34	93.3	7
KGZ	54	100	54	93.3	23
PAK	44	100	51	100	15
TAJ	23	93.3	29	100	10
TKM	14	66.7	14	66.7	2
UZB	31	93.3	23	93.3	7

Source: Regional Trade Dynamics and Selected Indicators in the CAREC region, CAREC 2018



# Bilateral Trade Complementarity Indices

		Exporter						
Importer		AFG	KAZ	KGZ	PAK	TAJ	TKM	UZB
	AFG	-	0.13	0.31	0.25	0.15	0.08	0.10
	KAZ	0.10	-	0.35	0.20	0.11	0.09	0.12
	KGZ	0.11	0.15	-	0.26	0.10	0.11	0.11
	PAK	0.17	0.23	0.29	-	0.10	0.20	0.15
	TAJ	0.09	0.19	0.31	0.28	-	0.11	0.10
	TKM	0.09	0.11	0.29	0.16	0.08	-	0.08
	UZB	0.13	0.19	0.29	0.20	0.12	0.09	-
	Average	0.10	0.15	0.31	0.21	0.10	0.10	0.10

Source: Regional Trade Dynamics and Selected Indicators in the CAREC region, CAREC 2018



# Export Similarity Indices

	AFG	KAZ	KGZ	PAK	TAJ	TKM	UZB
AFG	-	0.04	0.09	0.09	0.18	0.02	0.22
KAZ	0.04	-	0.15	0.15	0.12	0.05	0.17
KGZ	0.09	0.15	-	0.22	0.21	0.04	0.10
PAK	0.09	0.15	0.22	-	0.11	0.03	0.21
TAJ	0.18	0.12	0.21	0.11	-	0.02	0.20
TKM	0.02	0.05	0.04	0.03	0.02	-	0.35
UZB	0.22	0.17	0.10	0.21	0.20	0.35	-

Source: Regional Trade Dynamics and Selected Indicators in the CAREC region, CAREC 2018



# Conclusion

- The analysis shows that the trade potential of Pakistan with Central Asian Countries does exist. However, the trade volume is minimal.
- If we look into Pakistan's export intensity index which shows the export share of a country goes to that specific country as compare to the rest of the world is less than 1 since 2000 for most of the years except for Afghanistan.
- Similarly, the trade intensity index is also less than 1 for most of the Central Asian Economies. The overall trade volume of Pakistan in the early 90s was promising, however, gradually the data shows a decreasing trend in trade volume with most of the Central Asian Economies.

# Conclusion

- A regional Free Trade Agreement (FTA) with Central Asian economies may not bring perceived benefits (building a competitive environment, developing regional integration, increasing trade volume) to Pakistan's economy.
- However, Central Asian economies are unexplored yet. If Pakistan taps in and develop concentration of its export market it may be the beginning of diversification of its export markets that are unfortunately concentrated to few economies historically.
- In addition, connecting with Central Asia provides an opportunity to get access to Eurasian Economic Union countries. Energy cooperation with energy surplus Central Asia will also benefit Pakistan's comparative advantage. Pakistan can provide direct sea access to landlocked countries.

# Thanks

