USAID TRADE PROJECT

QUARTERLY TRADE BULLETIN

FIRST QUARTER, FISCAL YEAR 2012 (JULY – SEPTEMBER)

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CONTENTS

ACRONYMS

ADB	Asian Development Bank
APCMA	All Pakistan Cement Manufacturers Association
APTTA	Afghan Pakistan Transit Trade Agreement
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FBS	Federal Bureau of Statistics
FDI	Foreign Direct Investment
FY	Fiscal Year
GoP	Government of Pakistan
ICAC	International Cotton Advisory Committee
IMF	International Monetary Fund
IPR	Intellectual Property Rights
KPK	Khyber Pukhtoonkhwa
LSM	Large Scale Manufacturing
MoC	Ministry of Commerce
NHA	National Highway Authority
NTICP	The National Trade Corridor Improvement Program
PFVA	All Pakistan Fruit & Vegetable Exporters, Importers & Merchants Association
PGJDC	Pakistan Gems and Jewelry Development Company
PIAF	Pakistan Industrial and Traders Associations Front
PITAD	Pakistan Institute of Trade and Development
ROZ	Reconstruction Opportunity Zones
SBP	State Bank of Pakistan
SEZ	Special Economic Zones
TRTA	The Trade Related Technical Assistance
UNESCAP	United Nations Economic and Social Commission for Asia-Pacific
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organization
YoY	Year on Year

INTRODUCTION

PROJECT BACKGROUND

In response to Pakistan's worsening trade situation as indicated by declining exports and low ranking (84 out of 118 countries) in the 2008 Global Enabling Trade Report Index, the USAID launched the USAID Pakistan Trade Project on June 22, 2009 with three key aims: 1) to improve Pakistan's overall trade environment through improved regulations, policies, systems and capacity; (2) to increase cross-border trade with Pakistan's neighbors, especially with Afghanistan through implementation of the Afghan Pakistan Transit Trade Agreement; and (3) to support the implementation of sustainable and competitive Special Economic Zones (SEZs) and the Reconstruction Opportunity Zones (ROZs) program.

HOW THIS REPORT IS STRUCTURED

The present report's structure begins with the introduction; a brief overview of macroeconomic outlook, export/import of goods, export/import markets, and introduction of trade related projects other than those of USAID. This report also includes a series of data tables collected from different sources, primarily the State Bank of Pakistan (SBP) and the Federal Bureau of Statistics (FBS). In addition, various news sources such as the Business Recorder, Dawn, and The News among others have also been used for background information. The report is required as part of the project work plan to make available up-to-date market information and a current trade scenario in the country to all relevant stakeholders.

MACROECONOMIC OUTLOOK

The country's total trade deficit for FY 2011 (July-June) was $15.58 billion according to the latest figures released by the Federal Bureau of Statistics (FBS).[1] Rising global oil and food prices have contributed significantly towards this. In order to counter the country's ballooning deficit, the Ministry of Commerce (MoC) is rigorously implementing the Strategic Trade Policy Framework (STPF) 2009-12, which aims to boost the country's exports.[2] However, Pakistan has improved its ranking by five places in the Global Competitiveness Index (CGI) report this year.[3]

The Government of Pakistan's actual fiscal deficit for FY 2011 (July-June) was recorded to be 6.6 percent of the GDP, higher than earlier forecasts of 5.3 percent of GDP.[4] The government had previously reached an agreement with the IMF (International Monetary Fund) to bring down its fiscal deficit by reducing energy subsidies; however, owing to the already rampant inflation and sensitive position of the local industry, the government was not able to take this step. In addition, the recent floods also resulted in unexpectedly high public expenditures.

It is also noteworthy that Pakistan has recently sought to end its arrangement with the IMF as the government has not met conditions slated by the IMF. Initially, $11.3 billion in funds from the IMF were secured in 2008. Actual disbursements, however, amounted to $7.6 billion and the remaining amount has not been released.[5] The withdrawal of Pakistan from the IMF program is likely to put a short-term strain on the country's foreign exchange reserves. Nevertheless, the country is expected to get $2.5 billion in Coalition Support Fund arrears from United States and $800 million worth of PTCL privatization proceeds, which will help stabilize the country's foreign exchange reserves position.[6]

SN	Indicator	FY 2011	FY 2012
1.	Consumer Price Index % (12mma) (Jul-Sep)	13.76	11.93
2.	Current Account Deficit (% of GDP) (Jul-Sep)	-2.25	-2.89
3.	Exports (fob) US$ billion (Jul-Sep)	5.06	6.00
4.	Imports (cif) US$ billion (Jul-Sep)	9.03	11.12
5.	GDP growth rate (%) (Jul-June)	2.4[a]	3.8[b]
6.	Avg Forex Reserves (US$ billion) (Jul-Sep)	16.48	17.90
7.	Foreign Direct Investment (Jul-Sep)	394.9	282.7
8.	Remittances (US$ billion) (Jul-Sep)	2.65	3.30

Source: FBS/SB
a Estimated for FY2011
b IMF Forecast

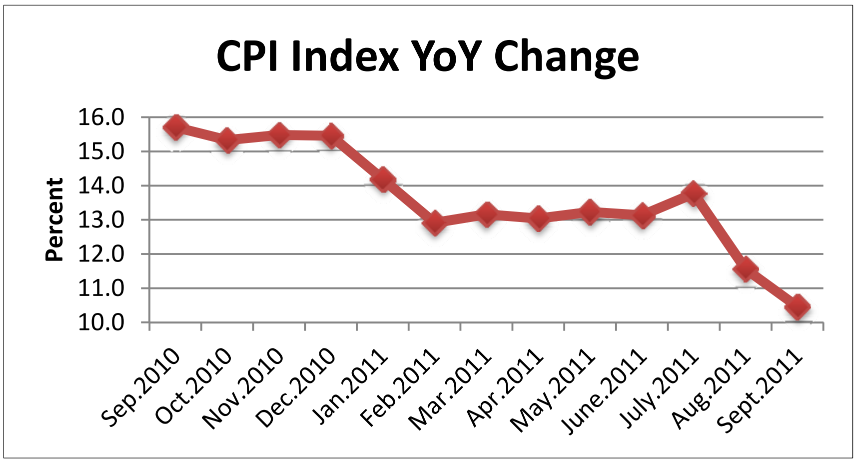
The country's average foreign exchange reserves during FY 2012 (Jul-Sep), in comparison to the same period last year, climbed by 8.67 percent. The key underlying factor behind this rise is higher remittances sent home by overseas Pakistanis. According to official sources, the "Pakistan Remittance Initiative (PRI)" introduced by the Ministry of Commerce (MoC) has played a considerable role in increasing the flow of workers remittances into the country.[7]

While exports increased by 18.7 percent for the period under review in comparison to last year, latest figures released by the Federal Bureau of Statistics (FBS) indicate that the country's exports in September 2011 declined by 6.52 percent to $1.836 billion in comparison to $1.964 billion recorded for August 2011. This decline indicates a deviation from the trend of rising exports, which the country was experiencing for a considerable period of time now. Pakistan's trade deficit increased by 28.78

per cent to $5.114 billion during the first quarter of FY 2012 (Jul-Sep) against a deficit of $3.971 billion recorded during the same period last fiscal year.[8]

Foreign Direct Investment (FDI) declined by 28.4 percent in the FY 2012 (Jul-Sep), in comparison to the same period last year. FDI arriving in Pakistan from Norway, Hong Kong, Singapore and the UK declined significantly in the period under review.[9] The sensitive security situation, ongoing power crisis, and rising costs are discouraging foreign investment in the country. However, despite the various challenges being faced by the economy of Pakistan, the local stock market has turned out to be one of the best performers in the region. According to MSCI (Morgan Stanley Capital International) Indices the KSE (Karachi Stock Exchange) ranked second in Asia after Indonesia.[10]

In a recent move, the State Bank of Pakistan (SBP) slashed interest rates by 150 basis points to 12 percent in order to stimulate economic growth in the country by providing cheaper credit.[11] The move comes at a time when inflation levels in the country have been witnessing a decline for some time now. Year on Year CPI (Consumer Price Index) inflation levels have declined from 15.7 percent in September 2010 to 10.46 percent in September 2011.[12] However, while inflation has declined considerably, it still remains a major burden on Pakistan's impoverished population.

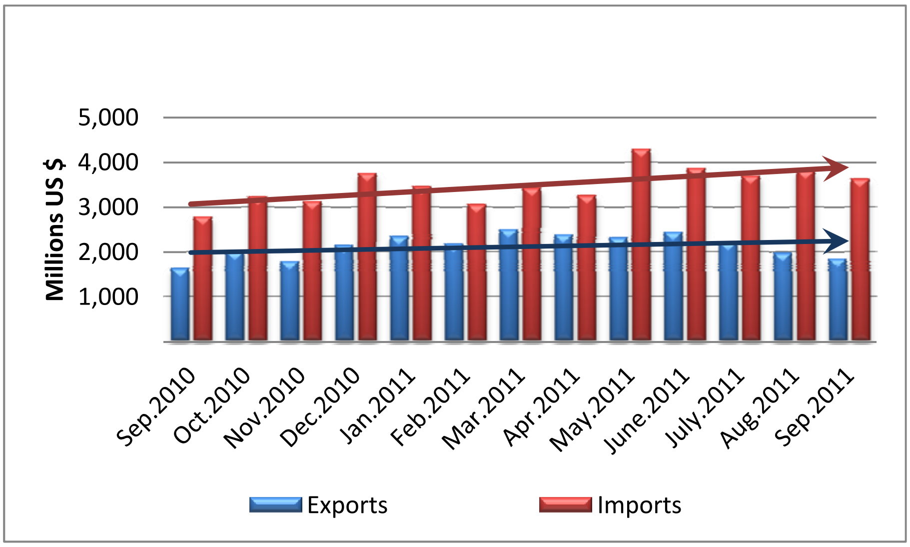


High interest rates, slow economic growth and shortage of funds are highlighted as the major reasons behind the high inflation levels in the country.[13] The international aid agency Oxfam International has informed that nearly half of the country's population is struggling with food insecurity.[14] In comparison to other major economies in the region, Pakistan's 12 percent interest rate is still considerably higher than Bangladesh (6.75 percent), India (7.5 percent) and Sri Lanka (7 percent).[15]

The electricity crisis in the country continues unabated. It has been reported that the electricity shortfall in the country recently crossed the 7000MW mark -making the power deficit nearly 40 percent of total demand- putting the local industry in a precarious situation.[16] Some experts estimate that the burden of load shedding on Pakistan has made the country shed 4 percent of its GDP.[17] The FPCCI (Federation of Pakistan Chambers of Commerce and Industry), the apex private sector body of trade and industry in the country, has requested the government to take immediate steps to resolve the ongoing power crisis.[18]

According to Pakistani experts in the energy sector, the lack of diversification in Pakistan's energy mix is one of the key reasons that the country is not able to meet energy demands. The share of oil based electricity in Pakistan's energy mix is now 38 percent, in comparison to a global average of only 5.4 percent; whereas the share of coal in Pakistan's energy mix, considered a cheap source of energy, is only 0.11 percent at present in comparison to the worldwide average of 41 percent.[19] Some diversification looks probable in the future however; work on Thar Coal and Energy project is now underway. According to the Coal and Energy Department, it is expected that power generation from the project will start in 2013-2014.[20] Additionally, wind energy projects aiming to produce 1100MW are also in development according to the Alternative Energy Development Board (AEDB).[21]

While the manufacturing and CNG (Compressed Natural Gas) sector of the country have voiced opposition to any further gas cuts in the upcoming winter season which are presently being considered by the government under the gas load management plan.[22] The agriculture of the country has also been severely affected by the energy crisis, which is keeping production levels of fertilizers low. The prices of urea have witnessed a 40 percent increase in the last few months.[23]



According to the latest information released by FBS (Federal Bureau of Statistics), export of services for July-September 2011 stood at $1.186 billion in comparison to $992 million recorded in July-September 2010 demonstrating an increase of 19.56 percent.[24] Major Service sectors dominating exports include transportation, government services, business services, and travel.[25] Also worth mentioning here is that despite the sensitive security situation, according to the Pakistan Tourism Development Cooperation (PTDC) the country still managed to earn $305 million through foreign tourism in 2010, in comparison to $241 million in 2009.[26] The 6th Expo Pakistan 2011 fair was also held in October this year to promote Pakistani exports in the international market, which served as good promotional tool. Local exporters were able to successfully secure orders worth $517 million through this platform.[27]

According to the Federal Bureau of Statistics (FB), Large Scale Manufacturing (LSM) growth dropped to 1.14 percent in FY2011 (July-June) from 4.9 percent in the same period last year.[28]

EXPORT OF GOODS

The majority of Pakistan's export base is still textile centric with little diversification, and the Pakistani textile sector managed to show good export results despite facing multiple challenges. The results come at a time when heavy floods caused by the recent monsoon rains severely damaged cotton crop in Sindh province. According to the Cotton Crop Assessment Committee (CCAC), cotton crop production in the country for FY 2012 (July-June) is expected to be around 12 million bales; lower than the earlier estimated figure of 15 million bales.[29]

TABLE 1: Top 10 Export commodities (by absolute value)				
Top 10 Export commodities (by value)	**Jul-Sep (Thousand US $)**		**Change in Value**	**% Increase**
	FY2011	**FY2012**		
Knitwear	648,110	699,906	51,795	7.99%
Cotton Cloth	508,992	664,347	155,355	30.52%
Bed Wear	467,241	535,226	67,985	14.55%
Cotton Yarn	295,739	431,214	135,475	45.81%
Readymade Garments	252,430	358,605	106,175	42.06%
Petroleum Products	285,338	260,475	(24,863)	(8.71%)
Rice – Basmati	309,575	260,281	(49,294)	(15.92%)
Art, Silk & Synthetic Textile	134,274	201,016	66,742	49.71%
Rice – Non Basmati	208,229	171,071	(37,159)	(17.85%)
Towels	150,562	164,376	13,814	9.17%
Source: SBP				

The textile sector is presently facing energy shortages which are threatening to hamper exports. According to APTMA (All Pakistan Textile Mills Association), gas load shedding is impacting nearly half of the textile sector in the country. It has been reported that the sector faced 77 days of gas shortages in FY 2009, 100 days in FY 2010 and 160 days in FY 2011.[30] Further cuts in the upcoming winter season could severely hamper the export potential of this sector. APTMA officials have also pointed out that if problems such as the energy crisis continue, it will not be easy for the textile sector to achieve its envisaged $25 billion export target for 2015.[31]

With regards to agricultural exports, it is noteworthy that talks have been ongoing between the Brazilian Cooperation Agency (ABC) and Pakistan Agriculture Research Council (PARC) in order to establish cooperation in agriculture research and development. It is expected that Brazil will provide Pakistan agricultural improvement technology which is likely to be of great assistance to the country in boosting agricultural yield.[32] The government has also decided to import 0.35 million tons of urea in order to maintain a good supply in the market, benefitting the agriculture sector.[33]

TABLE 2: Top 10 Rising Export commodities (by value increase)				
Top 10 Rising Export commodities (by value)	**Jul-Sep (Thousand US $)**		**Increase in value**	**% Increase**
	FY2011	**FY2012**		
Cotton Cloth	508,992	664,347	155,355	30.52%
Cotton Yarn	295,739	431,214	135,475	45.81%
Readymade Garments	252,430	358,605	106,175	42.06%
Solid Fuel including Naptha	47,227	134,078	86,851	183.90%
Bed Wear	467,241	535,226	67,985	14.55%
Art, Silk & Synthetic Textile	134,274	201,016	66,742	49.71%
Wheat Unmilled	0	54,185	54,185	-
Knitwear	648,110	699,906	51,795	8%
Plastic Materials	98,717	139,881	41,165	41.70%
Raw Cotton	12,406	48,713	36,307	292.66%
Source: SBP				

Export of petroleum products witnessed a decline in the period under review. One of the reasons behind this decline is the fall in consumption of petroleum products by Pakistan as higher consumption of petroleum products results in higher production and export of petroleum byproducts. The country's petroleum consumption fell to an eight month low of 1.38 million tons in September 2011.[34] It is also worth mentioning that the government has recently decided to impose a ban on export of petroleum products to Afghanistan because the POL items being exported enjoyed exemption from various taxes.[35, 36]

Exports of basmati rice experienced a decline in the period under review. The decline comes at a time when prices of Indian basmati rice have declined by nearly 27 percent in the international market due to rising production.[37] Pakistani rice exporters are now facing severe competition from their Indian counterparts. However, according to the Rice Exporters Association of Pakistan (REAP), it is expected that Pakistan will have a bumper rice crop 6.2 to 6.5 million tons of rice this year which may increase exports in the future.[38]

Pakistani rice exporters can also benefit from the disruption in supply of Thai rice in the international market caused by recent flooding in Thailand which is estimated to have damaged about 14 percent of rice fields.[39] Since Thailand is the world's largest rice exporter, the present situation presents a good opportunity for other countries such as Pakistan to capitalize on. Pakistan exports rice to several countries, with major destinations being UAE, Saudi Arabia, Iran, Oman, Bangladesh and Afghanistan.[40]

TABLE 3: Top 10 Rising Export commodities (by % increase)

Top 10 Rising Export commodities (by % increase)	Jul-Sep (Thousand US $)		Increase in value	% Increase
	FY2011	FY2012		
Wheat Unmilled	0	54,185	54,185	-
Raw Cotton	12,406	48,713	36,307	292.66%
Guar and Guar Products	6,928	22,930	16,003	231.00%
Yarn Other than Cotton Yarn	7,019	22,796	15,777	224.77%
Solid Fuel including Naptha	47,227	134,078	86,851	183.90%
Oil Seeds, Nuts and Kernals	2,284	5,158	2,875	125.88%
Auto Parts	3,477	6,347	2,870	82.56%
Cotton Carded or Combed	34,413	55,834	21,421	62.25%
Leather Gloves	11,501	18,457	6,957	60.49%
Meat and Meat Preparations	41,924	65,273	23,348	55.69%
Source: SBP				

As visible from Table 2, with regards to emerging exports, Plastic Materials continued to witness increased export receipts following the trend observed in the last quarter. Major destinations for Pakistani Plastic Materials exports include Turkey, Afghanistan, Italy, China and Belgium. Primarily Pakistan exported Polyethylene terephthalate to these countries.[41]

Wheat exports, which were previously restricted by the government until late last year, show a healthy figure in the period under review.[42] Countrywide wheat production target for FY 2012 (July-June) is set at 25 million tons: Punjab 19 million tons, KP 1.5m tons, Baluchistan 0.8m tons and Sindh 3.8 million tons. It is worth mentioning that the wheat production target for FY 2012 (July-June) is only marginally higher than the 24.3 million production achieved in FY 2011 (July-June).[43] The recent flood in Sindh province is one of the factors behind the low production target. The key markets for Pakistani wheat include Bangladesh, UAE, Iran and Afghanistan.[44]

Other emerging exports (See Table 3) include guar related products, petroleum products, auto parts, leather goods and meat preparations. It was worth mentioning that Pakistan is a significant producer of Guar gum[45], which is primarily used as an agrochemical by a wide variety of industries.

Leather glove exports also increased in the period under review. The local leather industry is facing some problems such as shortage of raw materials, caused by the recent floods, and increasing competition posed by China. However, raw material availability is likely to receive a boost on account of increased supply of animal skins in the market due to the recently held Eid-ul-Azha festival.[46]

Export of auto parts continued to improve in the period under review. It is worth mentioning that in the recently held Pakistan Auto Parts Show 2011, organized by the Pakistan Association of Automotive Parts Accessories Manufacturers (PAAPAM), over 130 auto companies exhibited a wide variety of auto parts. Such promotional events have contributed significantly to the development of local auto part manufacturing industry.[47] In response to growing concerns of the local automotive industry over proposed tariff rationalization measures, the Engineering Development Board (EDB) has ensured the industry that no anti-industry policies will be adopted.[48]

The motorcycle industry in the country, in addition to showing impressive sales figures, has now achieved localization levels –a benchmark for locally produced components– of over 92 percent and the industry is now fully capable of manufacturing high tech components locally. Honda Atlas, the country's leading bike maker, is already exporting bikes to Afghanistan and Bangladesh with plans to expand into other markets in the future.[49]

Export of meat products also grew considerably in the period under review. In order to facilitate exports of meat products, the government waived off the requirement of permits from the Ministry of Livestock and Dairy Development.[50] However, it is important to keep in mind that the export of live animals might be banned in the future as it has been causing shortages in the local market.[51]

Also worth mentioning is that Pakistan is now the fifth largest producer of mango, and the country exported $33.8 million worth of mangoes in FY 2011(July-June).[52] USAID provided assistance to several mango farm owners in Pakistan to help them successfully tap into export opportunities available in the international market. [53]

IMPORT OF GOODS

The table 4 shows the top import commodities for FY2012 (Jul-Sep) in terms of absolute value. Similar to the trend observed in the past, petroleum related commodities once against topped the list. The hefty increase in petroleum imports can be attributed to the rise in international oil prices, as well as increasing consumption of oil by the power sector.[54] The average price of oil during FY2012 (Jul-Sep) stood at $103.06 per barrel, 34.5 percent higher in comparison to $75.5 per barrel recorded for FY2011 (Jul-Sep).[55] However, the ongoing decline in global oil prices is likely to help keep inflation under control. It is worth mentioning that in early November, the Oil & Gas Regulatory Authority –the government body responsible for regulation of petroleum prices– slashed petroleum prices due to reduction of oil prices in the international market.[56] The International Monetary Fund (IMF) has stated that growth of trade in petroleum products is likely to reduce next year owing to slow growth in the global economy.[57] The end of conflict in Libya is also expected to bring oil exports from the country back to pre-war levels. This will increase supply of oil in the international market, which can assist in pushing down oil prices.[58]

TABLE 4: Top 10 Import commodities (by value)

Top 10 Import commodities (by value)	Jul-Sep (Thousand US $) FY2011	Jul-Sep (Thousand US $) FY2012	Change in Value	% Increase
Petroleum Products	1,988,601	2,806,126	817,525	41.11%
Petroleum Crude	793,867	1,509,887	716,020	90.19%
Palm Oil	421,192	654,629	233,437	55.42%
Iron And Steel	312,992	364,959	51,967	16.60%
Plastic Materials	306,427	340,690	34,263	11.18%
Fertilizer Manufactured	215,547	201,763	(13,783)	(6.39%)
Synthetic/Artificial Silk Yarn	107,739	156,638	48,899	45.39%
Motor Cars (CKD)	98,223	147,590	49,367	50.26%
Aircrafts, Ships And Boats	128,522	144,580	16,058	12.49%
Synthetic Fibre	115,329	133,791	18,462	16.01%

Source: SBP

Import of palm oil also experienced an increase in the period under review; contributing significantly to the country's rising trade deficit. Factors behind the higher palm oil import figures include rising demand and import tariff reductions for the commodity.[59] According to the latest information released by the Federal Bureau of Statistics (FBS), the country imported 537,902 tons of palm oil in FY 2010 (Jul-Sep) which increased by 27.35 percent to 552,614 tons in FY 2011 (Jul-Sep).[60] Major suppliers of palm oil to Pakistan include Malaysia, Indonesia, and Singapore.[61] Total food imports jumped from $1.175 billion in FY 2010 (Jul-Sep) to $1.255 billion in the period under review.[62] Import of other food products also increased. It has been reported that Pakistan imported $301 million worth of tea from various countries, led by Kenya, in the outgoing financial year FY2011 (July-June).[63]

While imports of fertilizer declined in the period, it is expected that fertilizer imports will rise in the future as the government is looking to spend about $660 million to import 1.2 million tons of urea in order to meet shortages in the market.[64]

Iron and steel imports witnessed an increase in the period. One of the reasons behind the rising iron steel imports is lower production locally due to ongoing problems with Pakistan Steel Mills (PSM). Capacity utilization of PSM in FY 2011 stood at 35% owing to raw material supply shortages.[65]

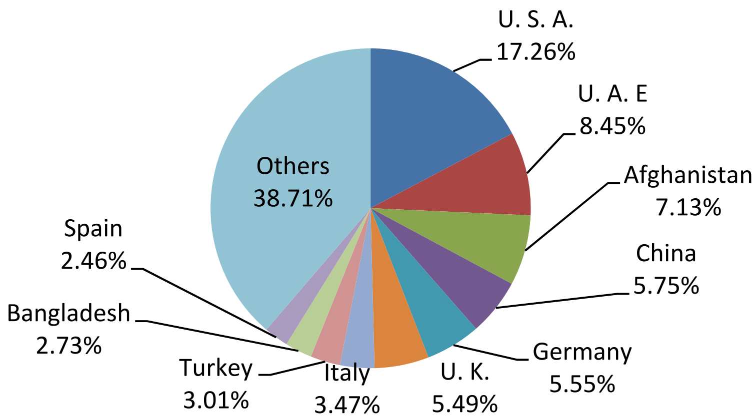
Cell phone imports grew by 75.21 percent in the period under review (See Appendix, Table C), in comparison to the same period last year due to rising domestic demand. The increase in import of low cost Chinese handsets has contributed to this increase.[66]

Import of sugar declined in the period (See Appendix, Table E) due to availability of surplus stocks in the country. Furthermore, local production of sugar in the future is expected to be sufficient to meet demands.[67] Pakistan's annual sugar consumption stands at 4.2 million tons.[68]

IMPORT/EXPORT MARKETS

The figure below shows destination wise distribution of Pakistan's exports in the period under review. It is evident from the distribution that the country's exports are largely concentrated around a few markets. While the United States continues to maintain its position as the top recipient of Pakistan's exports, only a nominal 5.16 percent increase in exports was experienced in FY2012 (Jul-Sep) in comparison to FY2011 (Jul-Sep). Textile products constitute the bulk of exports made to the United States.

Figure 1: Share in Exports FY2012 (Jul-Sep)



The US was followed by UAE and Afghanistan. Exports to UAE increased 13.18 percent in FY 2012 (Jul-Sep), in comparison to the same period last year. Key commodities exported to the UAE include jewelry, petroleum products, rice, and textile products.[69] However, it must be noted that the near 40 percent increase in imports from UAE (See Appendix, Table J) easily overshadowed the growth in exports to the country. Similarly imports from Saudi Arabia experienced a massive 62.09 percent increase in the period under review, in comparison to the same period last year. It should be mentioned here that petroleum products are the main imports from these Middle Eastern states.

Exports to Afghanistan witnessed an impressive 36.73 percent increase in FY 2012 (Jul-Sep), in comparison to the same period last year. Pakistan's exports to Afghanistan remain well diversified, with a wide range of commodities being exported to that country. It is important to note here that Afghanistan still remains a largely agrarian country –with agriculture accounting for 30 percent of the GDP [70]– with an underdeveloped industry, hence the country has a large trade deficit and is dependent on imports to fulfill its needs.

Table 5: Pakistan's Top 10 Export Destinations (by value)

Pakistan's Top 10 Export destinations (by value)	Jul-Sep (Thousand US $) FY2011	Jul-Sep (Thousand US $) FY2012	Change in Value	% Increase
U. S. A.	1,034,148	1,087,534	53,386	5.16%
U. A. E	470,227	532,223	61,996	13.18%
Afghanistan	328,390	449,023	120,633	36.73%
China	260,506	362,100	101,593	39.00%
Germany	247,166	349,579	102,413	41.43%
U. K.	300,177	345,694	45,517	15.16%
Italy	168,061	218,926	50,865	30.27%
Turkey	141,155	189,795	48,640	34.46%
Bangladesh	158,489	171,967	13,478	8.50%
Spain	120,781	155,169	34,388	28.47%

Source: SBP

Growth of exports to China outpaced the growth in imports in the period under review. Exports grew by 39 percent, whereas the growth in imports was almost negligible (See Appendix, Table J). Recently the FPCCI has also been taking measures to promote Pakistani exports in China via promotion display centers.[71]

Exports to Spain also witnessed a healthy increase. It is pertinent to mention that in September a large business delegation from Pakistan, comprising of individuals from various sectors, visited Madrid in order to improve trade ties between the two countries.[72]

In view of recent developments with regards to trade between India and Pakistan, it is important to mention that Pakistan recently moved towards granting India MFN (Most Favored Nation) status.[73] The move is likely to play a pivotal role in increasing the volume of trade between the two countries. The balance of trade amongst the two countries, however, remains inclined in favor of India, with Pakistan importing $1.56 billion worth of goods from India in 2010, against $275 million worth of exports to the country in the same year.[74]

TRADE RELATED PROJECTS IN PAKISTAN BY INSTITUTIONS OTHER THAN THE USAID

1 European Union (EU) - Trade Related Technical Assistance II (TRTA)

Trade Related Technical Assistance (TRTA-II) program is funded by the European Union (EU). It aims to assist Pakistan in developing the required capacity to deal with challenges in trade, in order to support the county's integration into the global economy. The overall objective of the programme is to effectively contribute towards poverty alleviation and sustainable development in the country. The main body responsible for the TRTA-II program implementation is the United Nations Industrial Development Organization (UNIDO). The TRTA-II has three components: Component-1 (Trade Policy Capacity Building) is being managed by the International Trade Centre (ITC), Component-II (Export Development through Improvement of the Quality Infrastructure) is under UNDIO itself, and World Intellectual Property Organization (WIPO) is responsible for Component-3 (Strengthening of Intellectual Property Rights). The Ministry of Commerce with assistance from the European Union (EU) and United Nations Industrial Development Organization (UNIDO) is currently working on a Co-operation program on Trade Related Technical Assistance (TRTA II). The TRTA II program started implementation on 01 January 2010. ***(Status – Active)***

2 The World Bank - Trade & Transport Facilitation Program (TTFP-2)

The Trade & Transport Facilitation Program (TTFP-2), with a total funding of US$25 million obtained from the World Bank (WB), aims to improve Pakistan's international competitiveness through simplified export and import documentary procedures, modernization of related legislation and creation of a national capacity to solve potential problems between the transport users and providers. The project has two components: (I) National Trade Corridor, and (II) Trade and Transport Facilitation. The project is planned to continue operating till the end of 2013. ***(Status – Active)***

3 Asian Development Bank (ADB) – National Highway Sector Development Program

The National Highway Sector Development Program with the 2nd tranche of US$230 million aims at reduction of transport costs for goods and passengers and to improve the regional connectivity to the country's main economic centers. It will lead to the improvement of road sector efficiency on the main transport corridor in Pakistan and institutional capacity building of National Highway Authority (NHA). The project is scheduled to operate till the end of 2013. ***(Status – Active)***

4 Multi Donor Trust Fund (MDFT) - Economic revitalization of KP and FATA

The aim of this $20 million project is to support the Government of Pakistan in its effort to stimulate economic growth in Khyber Pakhtunkhwa (KP) and Federally Administered Tribal Areas (FATA) through the creation of various employment opportunities via institutional capacity building, investment mobilization and by providing support to Small and Medium Enterprises (SMEs). The project has three components: (1) SME development, (II) Attracting Investments from the Diaspora, and (III) Institution Building to Foster Investment and Implement Regulatory Reforms. The implementing agencies for this project include the Government of KP and FATA secretariat. ***(Status – Active)***

5 Pakistan Poverty Alleviation Fund (PPAF)

The Pakistan Poverty Alleviation Fund (PPAF) project is designed to bring about economic uplift in the country by providing better income opportunities to poor people. The project is focused on low income groups from urban and rural communities. PPAF is present in 129 districts of the country through its partner organizations. The Third Pakistan Poverty Alleviation Fund (PPAF III) project, funded by World Bank, was initiated in August 2009 and is scheduled to continue operating till 2015. . ***(Status – Active)***

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APPENDIX: GENERAL TRADE RELATED FIGURES OF PAKISTAN

TABLE A: Declining Export Commodities (by % decrease)

Top 10 Declining export commodities (by % decrease)	Jul-Sep 2011 (Thousand US $)		Decrease in value	% Decrease
	FY 2011	FY 2012		
Sugar	6	0	-6	-100.00%
Handicrafts	267	24	-243	-90.85%
Jewelry	37,547	15,967	-21,580	-57.48%
Molasses	3,589	2,604	-985	-27.45%
Gems	709	515	-194	-27.40%
Rice – Non-Basmati	208,229	171,071	-37,159	-17.85%
Tobacco	4,210	3,481	-729	-17.31%
Rice - Basmati	309,575	260,281	-49,294	-15.92%
Canvas Footwear	206	177	-29	-14.08%
Electric Fans	10,995	9,839	-1,157	-10.52%

Source: SBP

TABLE B: Declining Export Commodities (by value decrease)

Top 10 Declining export commodities (by value)	Jul-Sep 2011 (Thousand US $)		Decrease in value	% Decrease
	FY 2011	FY 2012		
Rice - Basmati	309,575	260,281	-49,294	-15.92%
Rice - Non-Basmati	208,229	171,071	-37,159	-17.85%
Petroleum Products	285,338	260,475	-24,863	-8.71%
Jewelry	37,547	15,967	-21,580	-57.48%
Leather Tanned	129,557	123,445	-6,112	-4.72%
Electric Fans	10,995	9,839	-1,157	-10.52%
Molasses	3,589	2,604	-985	-27.45%
Tobacco	4,210	3,481	-729	-17.31%
Handicrafts	267	24	-243	-90.85%
Gems	709	515	-194	-27.40%

Source: SBP

TABLE C: Top 10 Rising Import Commodities (by value rise)

Top 10 Rising import commodities (by value)	Jul-Sep 2011 (Thousand US $)		Increase in Value	% Increase
	FY 2011	FY 2012		
Petroleum Products	1,988,601	2,806,126	817,525	41.11%
Petroleum Crude	793,867	1,509,887	716,020	90.19%
Palm Oil	421,192	654,629	233,437	55.42%
Iron And Steel	312,992	364,959	51,967	16.60%
Motor Cars (CKD)	98,223	147,590	49,367	50.26%
Synthetic & Artificial Silk Yarn	107,739	156,638	48,899	45.39%
Mobile Phones	55,584	97,386	41,803	75.21%

Plastic Materials	306,427	340,690	34,263	11.18%
Paper & Paper Board & Manf.	62,056	94,728	32,672	52.65%
Medicinal Products	96,448	122,530	26,081	27.04%

Source: SBP

TABLE D: Top 10 Rising Import commodities (by % increase)

Top 10 Rising import commodities (by % increase)	Jul-Sep 2011 (Thousand US $)		Increase in Value	% Increase
	FY 2011	FY 2012		
Petroleum Crude	793,867	1,509,887	716,020	90.19%
Worn Clothing	4,202	7,699	3,497	83.24%
Construction & Mining Machinery	5,589	9,911	4,323	77.35%
Telecom - Mobile Phone	55,584	97,386	41,803	75.21%
Palm Oil	421,192	654,629	233,437	55.42%
Paper&Paper Board & Manf.	62,056	94,728	32,672	52.65%
Motor Cars (CKD)	98,223	147,590	49,367	50.26%
Milk And Cream Incl For Infants	23,762	34,645	10,883	45.80%
Rubber Tyres & Tubes	30,712	44,653	13,941	45.39%
Synthetic & Artificial Silk Yarn	107,739	156,638	48,899	45.39%

Source: SBP

TABLE E: Top 10 Declining import commodities (by value decline)

Top 10 Declining import commodities (by value decline)	Jul-Sep 2011 (Thousand US $)		Decrease in Value	% Decrease
	FY 2011	FY 2012		
Sugar	196,098	2,895	-193,204	-98.52%
Power Generating Machinery	288,170	121,932	-166,238	-57.69%
Raw Cotton	170,728	82,363	-88,365	-51.76%
Iron And Steel Scrap	149,227	111,914	-37,314	-25.00%
Fertilizer Manufactured	215,547	201,763	-13,783	-6.39%
Office Mach.Incl.Data Pros. Equp.	47,926	35,377	-12,549	-26.18%
Aluminum Wrought & Worked	36,632	29,994	-6,638	-18.12%
Textile Machinery	103,339	96,969	-6,370	-6.16%
Insecticides	43,831	37,915	-5,916	-13.50%
Buses, Trucks & Oth. Heavy Vehicles (CKD)	48,591	43,505	-5,086	-10.47%

Source: SBP

TABLE F: Top 10 Declining import commodities (by % decline)

Top 10 Declining import commodities (by % decline)	Jul-Sep 2011 (Thousand US $)		Decrease in Value	% Decrease
	FY 2011	FY 2012		
Sugar	196,098	2,895	-193,204	-98.52%
Gold	587	10	-577	-98.30%
Motor Cycles (CBU)	634	210	-424	-66.93%
Power Generating Machinery	288,170	121,932	-166,238	-57.69%
Raw Cotton	170,728	82,363	-88,365	-51.76%
Motor Cars (CBU)	16,573	12,090	-4,483	-27.05%
Office Mach Incl Data Pros Equp	47,926	35,377	-12,549	-26.18%
Iron And Steel Scrap	149,227	111,914	-37,314	-25.00%
Spices	20,200	15,206	-4,994	-24.72%
Jute	12,341	10,052	-2,289	-18.55%

Source: SBP

Table G: Top 10 Rising Export Destinations (by value increase)				
Top 10 Top 10 Rising Export Destinations (by value increase)	**Jul-Sep 2011 (Thousand US $)**		**Increase in Value**	**% Increase**
	FY 2011	**FY 2012**		
Afghanistan	328,390	449,023	120,633	36.73%
Germany	247,166	349,579	102,413	41.43%
China	260,506	362,100	101,593	39.00%
U. A. E	470,227	532,223	61,996	13.18%
U. S. A	1,034,148	1,087,534	53,386	5.16%
Italy	168,061	218,926	50,865	30.27%
Turkey	141,155	189,795	48,640	34.46%
U. K.	300,177	345,694	45,517	15.16%
Kenya	25,382	67,161	41,778	164.60%
Malaysia	20,457	61,462	41,005	200.44%

Source: SBP

Table H: Top 10 Rising Export Destinations (by % rise)				
Top 10 Rising export destinations (by % rise)	**Jul-Sep 2011 (Thousand US $)**		**Increase in Value**	**% Increase**
	FY2010-11	**FY2011-12**		
Timor-Leste	3	63	61	2348.89%
Grenada	7	113	105	1466.94%
Georgia	644	7,678	7,034	1092.64%
Windward Islands	7	78	71	1017.28%
French Guinea	6	63	57	995.14%
Virgin Islands	94	823	729	776.20%
Liberia	654	5,426	4,772	729.62%
Macedonia	29	233	204	697.95%
Iceland	92	732	640	697.24%
Guam	13	90	77	611.69%

Source: SBP

Table I: Top 10 Declining Exports Destinations (by value of decline)				
Top 10 Declining export destinations (by value)	**Jul-Sep 2011 (Thousand US $)**		**Decrease in Value**	**% Decrease**
	FY 2011	**FY 2012**		
Hong Kong	169,833	151,952	-17,880	-10.53%
Iraq	28,409	15,101	-13,308	-46.84%
Denmark	39,521	26,219	-13,302	-33.66%
Mozambique	19,646	12,487	-7,159	-36.44%
Guinea	8,798	1,847	-6,950	-79.00%
Sudan	13,591	7,608	-5,983	-44.02%
Canada	61,913	56,366	-5,547	-8.96%
India	63,160	59,095	-4,064	-6.43%
Somalia	11,035	7,306	-3,729	-33.79%
Qatar	33,051	29,772	-3,279	-9.92%

Source: SBP

TABLE J: Top 10 Import Countries (by value)				
Top 10 Import Countries (by value)	Jul-Sep 2011 (Thousand US $)		Difference	% Change
	FY 2011	FY 2012		
U. A. E	1,345,925	1,875,289	529,363	39.33%
Saudi Arabia	849,215	1,376,504	527,289	62.09%
Kuwait	733,946	1,083,296	349,350	47.60%
China	991,681	994,808	3,128	0.32%
Singapore	643,227	726,189	82,962	12.90%
Malaysia	388,283	543,028	154,744	39.85%
Switzerland	270,400	431,374	160,974	59.53%
Japan	306,009	363,768	57,759	18.88%
Germany	196,080	258,846	62,766	32.01%
India	247,155	255,193	8,037	3.25%

Source: SBP

TABLE K: Top 10 Rising Import countries (by value)				
Top 10 Rising import countries (by value)	Jul-Sep 2011 (Thousand US $)		Increase in Value	% Increase
	FY 2011	FY 2012		
U. A. E	1,345,925	1,875,289	529,363	39.33%
Saudi Arabia	849,215	1,376,504	527,289	62.09%
Kuwait	733,946	1,083,296	349,350	47.60%
Switzerland	270,400	431,374	160,974	59.53%
Malaysia	388,283	543,028	154,744	39.85%
Singapore	643,227	726,189	82,962	12.90%
Indonesia	95,905	158,859	62,954	65.64%
Germany	196,080	258,846	62,766	32.01%
Japan	306,009	363,768	57,759	18.88%
St. Helena	277	56,218	55,941	20180.70%

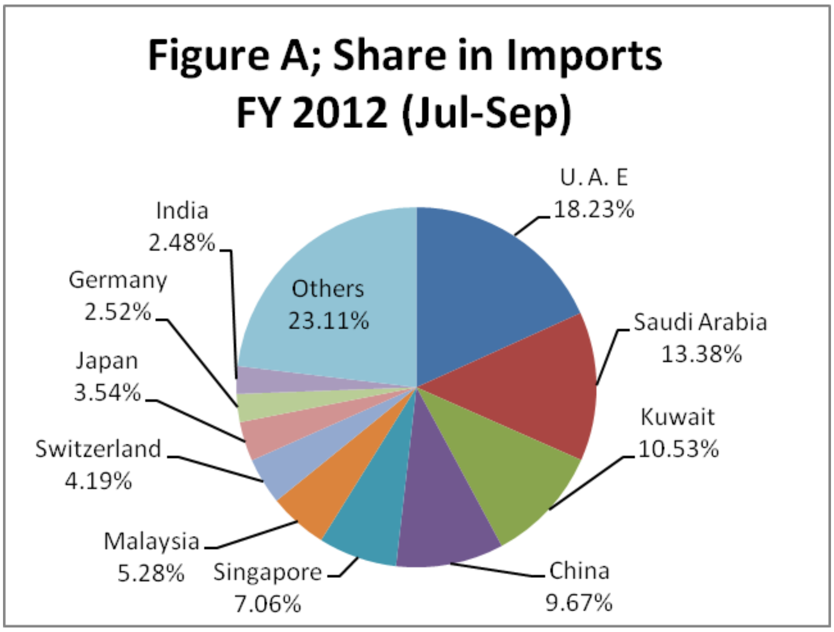
Source: SBP

TABLE L: Top 10 Rising Import countries (by % increase)				
Top 10 Rising Import countries (by % increase)	Jul-Sep 2011 (Thousand US $)		Increase in Value	% Increase
	FY 2011	FY 2012		
St. Helena	277.2	56218.096	55,941	20180.70%
Angola	1.938	278.347	276	14262.59%
Jamaica	72.894	3333.778	3,261	4473.46%
Iceland	228.602	6785.003	6,556	2868.04%
Virgin Islands	235.929	3403.481	3,168	1342.59%
Chile	190.153	2647.833	2,458	1292.48%
Bermuda	3.779	41.335	38	993.81%
Afghanistan	242.919	2533.698	2,291	943.02%
Syrian Arab Republic	90.002	706.18	616	684.63%
Cambodia Kampuchea	0.879	6.631	6	654.38%

Source: SBP

TABLE M: Top 10 Declining import countries (by value)				
Top 10 Declining import countries (by value)	Jul-Sep 2011 (Thousand US $)		Decrease in Value	% Decrease
	FY 2011	FY 2012		
Iran	164,156	53,004	-111,152	-67.71%
U. S. A.	284,099	190,947	-93,152	-32.79%
Bahamas	48,474	30	-48,444	-99.94%
Yemen Arab Republic	28,239	813	-27,426	-97.12%
Brazil	38,084	15,920	-22,164	-58.20%
Hong Kong	117,890	98,133	-19,757	-16.76%
Belgium	88,578	69,285	-19,293	-21.78%
Swaziland	19,508	986	-18,522	-94.94%
Tunisia	18,011	215	-17,796	-98.81%
Ukraine	17,611	2,972	-14,639	-83.13%

Source: SBP



Source: SBP

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