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USAID/PAKISTAN: TRADE POTENTIAL MARKET ACCESS OPPORTUNITIES FOR TEXTILE PRODUCTS COVERED UNDER THE ROZ PROGRAM FOR PAKISTAN

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USAID Cognizant Technical Office: Economic Growth Office,
USAID/Pakistan
Author(s): Hussan-Bano Burki

© USAID/Pakistan: Trade Project
House 02 • Street 16
Sector F-6/3 • Islamabad
Phone +92 51 8438281 – 84 • Fax +92 51 8438280
Email www.pakistantrade.org

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CONTENT

CONTENT	I
LIST OF FIGURES	II
LIST OF TABLES	II
ACRONYMS	I
EXECUTIVE SUMMARY	2
INTRODUCTION	5
PRODUCT ANALYSIS	7
<i>SCENARIO ANALYSIS</i>	9
<i>THE OPPORTUNITY CATEGORIES</i>	9
<i>OPPORTUNITY CATEGORY 1: OPPORTUNITIES REALIZABLE THROUGH CURRENT COMPETITIVENESS</i>	12
<i>OPPORTUNITY CATEGORY 2: OPPORTUNITIES REALIZABLE THROUGH PRODUCT ENHANCEMENT OR DEVELOPMENT</i>	13
<i>OPPORTUNITY CATEGORY 3: OPPORTUNITIES REALIZABLE GIVEN PRODUCT DIVERSIFICATION/ FOREIGN DIRECT INVESTMENT / DEVELOPMENT OF THE COMPETITIVENESS IN NEW PRODUCT CATEGORIES</i>	15
CONCLUSION	17
ANNEXES	19
<i>ANNEX 1A: DETAILED LIST OF THE HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 1, SCENARIO 1</i>	20
<i>ANNEX 1B: ADDITIONAL HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 1IF SCENARIO 2 PREVAILS</i>	23
<i>ANNEX 2A: DETAILED LIST OF THE HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 2, SCENARIO 1</i>	27
<i>ANNEX 2B: ADDITIONAL HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 2, IF SCENARIO 2 PREVAILS</i>	29
<i>ANNEX 3A: DETAILED LIST OF THE HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 3, SCENARIO 1</i>	30
<i>ANNEX 3B: ADDITIONAL HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 2, IF SCENARIO 2 PREVAILS</i>	41
<i>ANNEX 4: TOP 100 U.S. IMPORTS FROM PAKISTAN FOR 2008 - HTS 10-DIGIT TEXTILE AND APPAREL ITEMS FOR WHICH TARIFFS WOULD NOT BE REMOVED UNDER H.R. 1318 AND S. 496</i>	49

LIST OF FIGURES

Figure 1: Figure 2. US MFN Tariff Line Distribution	8
Figure 2: 10-Digit Garment and Textile Products.....	8
Figure 3: Number of the ROZ covered HTS-10 digit product lines potentially feasible for investment and exports under the ROZ Program	11

LIST OF TABLES

Table 1: Product Analysis Criteria.....	10
Table 2: Number of HTS-10 Digit Product Lines under Opportunity Category 1, by HTS-2 Digit Chapter, Raw Material and Respective Scenarios	13
Table 3: Number of HTS-10 Digit Product Lines under Opportunity Category 2, by HTS-2 Digit Chapter, Raw Material and Respective Scenarios	14
Table 4: Number of HTS-10 Digit Product Lines under Opportunity Category 3, by HTS-2 Digit Chapter, Raw Material and Respective Scenarios	15

ACRONYMS

FATA	Federally Administrative Tribal Areas
FTA	Free Trade Agreements
GSP	Generalized System of Preferences
HTS	Harmonized Tariff Schedule
NWFP	North West Frontier Province
PTP	Pakistan Trade Project
ROZ	Reconstruction Opportunity Zones
USAID	United States Agency for International Development
USD	United States Dollar

EXECUTIVE SUMMARY

This paper synthesizes the USAID Pakistan TRADE Project's (PTP) analysis of the potential investment and export opportunities under the proposed Reconstruction Opportunity Zones (ROZ) Program for Pakistan.

The ROZ bill grants duty free access to US markets for two general groups of products – Non-Textile/Non-Apparel and Textile/Apparel. Duty free access is conditional on Rules of Origin (ROO) requirements, the establishment and implementation of strict mechanisms to prevent illegal transshipment of goods through the ROZ, compliance with core labor standards and several reporting requirements related to the establishment and maintenance of the ROZ zones.

The paper analyses the ROZ covered products (HTS-10 digit lines) to identify those that may attract investment in the ROZs in the short run, and in the medium to long run period. The analysis is based on the respective criteria for the following scenarios and opportunity categories:

Scenario 1: The location disadvantages associated with investing in the ROZ eligible areas are not compensated for by any facility or incentive to the investor other than the tariff free access to the US market. The estimated location disadvantage is assumed to be 8% of the average unit value of the textile / apparel product. This cost includes additional marginal cost related to transport, security, human resources, and compliance.

Scenario 2: The location disadvantages associated with investing in the ROZ eligible areas are partially compensated for. It assumes that the infrastructure and shared facilities (such as shared security, electricity back-up, logistics cells, warehousing facilities, one window operations for compliance, recruitment and training facilities) will compensate for at least half of the location disadvantage cost. Under this scenario, ROZ covered products that have current average applicable tariff to the US market of 5% or more will become feasible under the ROZ program.

Opportunity Category 1: Opportunities realizable through current competitiveness- This category includes products for which US import tariff is removed under the ROZ Program and in which Pakistan has current competitiveness, and can expand its market share in the US on the basis of reduced price point

Opportunity Category 2: Opportunities realizable through product enhancement or development - This category includes products in which Pakistan has current competitiveness. However to increase its US market share, Pakistan will need to either improve the product quality or diversify products within the respective HTS Code. The reduction in the price point of the products in this category that Pakistan is currently producing and exporting to the US may not result in significant increase in demand for these products from the US market. The average unit value of the Pakistani exports in these product categories is generally significantly lower than the top 5 exporters of the same product categories to the US market.

Opportunity Category 3: Opportunities realizable through developing or accessing competitiveness in new products - This category includes products that pass the tariff threshold criteria and have a reasonably large US market. However, Pakistan does not have the required

competitiveness to produce and export these products to the US market. Export opportunities for these products can be realized either through attracting FDI in the zones or through investment in developing the required competitiveness.

The extent to which the opportunities in terms of export stimulation, regional development and product diversification materialize under the ROZ Program (given that the ROZ development and Program compliance takes place) depends on the set of products that is provided tariff free access to the US market under the ROZ program. Currently, the ROZ Bill provides tariff free access to 1338 HTS-10 digit product lines. Of these products only 30 – 65 (2%-5% of the 1338 product lines respectively) products lines appear to be feasible to attract domestic investment based on current competitiveness of Pakistan’s textile sector. The list of feasible products can be expanded at the most to about 262 products lines if the ROZs are able to attract foreign investment and competencies; and if there is a net cost advantage for investors to locate in the ROZs versus anywhere else in the country or, for the foreign investors, in the world.

Thus the ROZ covered product list, as it stands now, can drive regional development on the basis of approximately 262 product categories (HTS 10-digit). Through the mix of products in which Pakistan has current competitiveness and products in which Pakistan needs to acquire competitiveness, the ROZ Program offers a tacit incentive for product diversification within the textile / apparel categories and an opportunity to attract foreign direct investment.

The set of potential, effective opportunities under the ROZ program for regional development of the northwest regions of Pakistan can be expanded, however, through one or more of following:

1. Expansion/revision of products covered under the ROZ Bill to include more products which Pakistan is currently producing, has competitive advantage in, and is subject to high US import tariff. The Congressional Research Service (CSR) report “Afghanistan and Pakistan Reconstruction Opportunity Zones: Issues and Arguments” identifies 45 HTS-10 digit apparel / textile product lines (See Annex 4) out of the top 100 US imports from Pakistan (2008), for which tariffs will not be removed under the ROZ. The total weighted average tariff rate for these products is approximately 15.6%, and together they accounted for USD1.3 billion in exports to US in 2008.

The advantage of revising the list of products to be provided tariff free access under the ROZ may have the following pros and cons:

- a. Pros:
 - i. Allow the ROZ Program to generate greater implementation and success momentum when / if the ROZ legislation comes through;
 - ii. Will allow for greater impact in terms of new domestic investment in the ROZ
 - iii. Increase the potential viability of the initial pilot ROZ sites that will lead the way for subsequent sites
 - iv. Pakistan’s total exports have been declining (7.4% year-on-year decline during July-November, FY 2010) amidst the decrease in global demand and domestic supply side challenges such as power shortages and rising cost of production. The textile sector exports too declined by 3.2% year on year in the FY10. Tariff free US market access to products in which Pakistan has current competitive advantage and market share vis a vis the US can be the

support Pakistan needs to manage its growing current account deficit till structural improvements in Pakistan's economy are made.

b. Cons:

- i. Basing the incentive of tariff free US market access on textile / apparel products in which we have current competencies alone may mean that the ROZs cannibalize on the investment in the rest of the country if the net advantage of locating in the ROZs is greater than anywhere else in the country.
 - ii. Pakistan's exports are concentrated (55% of total export value) in the textile and apparel sector. Within the textile/apparel sector, Pakistan's exports are concentrated in cotton based, lower value added products. An ROZ program that covers primarily products in which Pakistan has the greatest existing competitiveness can dilute the potential ROZ Program effect in terms of export diversification within the textile / apparel categories to include higher value added, higher skill oriented products.
2. Expand the set of products by products subject to high trade weighted US import tariff rate, and in which Pakistan does not have current competitive advantage. This is to attract more FDI. This would also drive export diversification in Pakistan.
 3. Expand the set of incentives so that not only do the incentives off-set the location disadvantages vis a vis the ROZs but also create a net advantage of locating investment in the ROZ rather than anywhere else in the country. The incentives may be in terms of shared facilities such as power back-up, skill development, logistics support, etc. The incentives will have to be sustainable, and the Government of Pakistan will need to put forth its commitment to create and sustain those incentives.

Finally, the ROZ Program innately has greater impact in terms of regional development of the ROZ eligible areas, than it has in terms of export development and diversification for Pakistan as a whole. For the latter objective, a Free Trade Agreement (FTA) may be a more appropriate tool of assistance. However, without specific incentives and advantages for locating in the north western regions of Pakistan the FTA will not have a significant impact on regional development on the northwestern borders, strategic for Pakistan's and USA's counter terrorism objectives. Thus it is difficult to recommend the ROZ Program over an FTA or vice versa for each will work towards a different goal and strategic objective. In both cases, the role of foreign direct investment will be crucial in expanding the effectiveness of the assistance.

INTRODUCTION

This paper synthesizes the USAID Pakistan TRADE Project's (PTP) analysis of the potential export opportunities for Pakistan under the proposed Reconstruction Opportunity Zones (ROZ) Program. The analysis looks at the potential opportunities that can be realized in the short term through tapping Pakistan's current global competitiveness. It also takes into account the potential medium to long term opportunities for Pakistan and its northwest regions through export diversification, attracting foreign direct investment (FDI) and new product development. The analysis particularly focuses on the textile/apparel products proposed for unilateral tariff free access to US market under the ROZ program.

The Reconstruction Opportunity Zone (ROZ) Program has been under proposal since 2006. The legislation for the establishment of Reconstruction Opportunity Zones (ROZs) is currently with the US congress. Two pieces of legislation - a House of Representatives version and a Senate version – are currently in process. The House version of the legislation is contained in H.R. 2410 and was passed on 11 June 2009. The related section is Title IV “Duty-Free Treatment for Certain Goods from Reconstruction Opportunity Zones (ROZs) in Afghanistan and Pakistan” or “Afghanistan-Pakistan Security and Prosperity Enhancement Act”. The Senate version is S. 496 - the “Afghanistan and Pakistan Reconstruction Opportunity Zones Act of 2009” is currently in committee. Prior to passage, the Senate bill must leave committee, be debated and approved by the Senate. Subsequently, the differences between the House and Senate bill must be reconciled in joint committee prior to being sent to the President for passage. While there are some differences between the two bills, they are identical with respect to the product coverage.

The ROZ legislation currently before Congress seeks to establish a 15 year unilateral U.S. trade preference program for Afghanistan and parts of Pakistan. The legislation would permit certain goods produced in designated geographic areas called *Reconstruction Opportunity Zones (ROZs)* to be imported into the United States duty-free for the designated term of the program. The main objective of the bill is to create employment opportunities in the northwest region of Pakistan and Afghanistan and enhance regional economic development.

The bill grants duty free access to US markets for two general groups of products from Pakistan – Non-Textile/Non-Apparel and Textile/Apparel:

- For Non-Textile/Non-Apparel products, the bill grants duty free access to ROZ products under the US GSP for the duration of the ROZ Program.
- For Textile/Apparel products, the bill grants duty free access for ROZ products for 1,338 HTS 10 digit lines for Textile/Apparel products where the majority of Pakistan's exports to the US are concentrated. Pakistan currently exports 40%, or 527, of these covered products, which account for 47% of total Pakistan exports to the US - US\$1.7 billion in value.

Duty free access is conditional on Rules of Origin requirements, the establishment and implementation of strict mechanisms to prevent illegal transshipment of goods through the ROZ, compliance with core labor standards and several reporting requirements related to the establishment and maintenance of the ROZs.

On June 22, 2009 the United States Agency for International Development launched the USAID Pakistan TRADE Project (PTP) with a mandate to work with the Government of Pakistan to support the development of an ROZ regime and the implementation of ROZs projects in the eligible areas of Pakistan. To this end, the PTP has conducted a thorough analysis and assessment of the legislative, regulatory, infrastructure, market, and labor aspects of the ROZ regime development and its subsequent implementation in Pakistan.

PRODUCT ANALYSIS

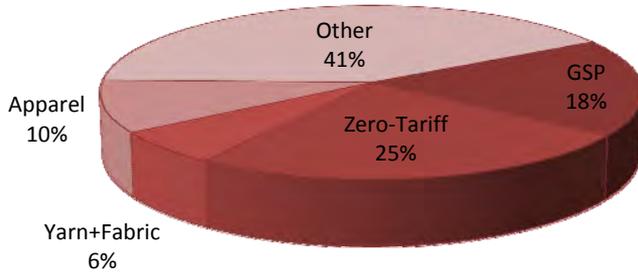
The ROZ bill grants duty free access to US markets for two general groups of products – Non-Textile/Non-Apparel and Textile/Apparel. Duty free access is conditional on Rules of Origin (ROO) requirements, the establishment and implementation of strict mechanisms to prevent illegal transshipment of goods through the ROZ, compliance with core labor standards and several reporting requirements related to the establishment and maintenance of the ROZ zones.

For **Non-Textile/Non-Apparel products**, the bill grants duty free access to ROZ products already eligible under the US Generalized System of Preferences (GSP). GSP beneficiary countries are currently able to export about 3,400 HTS 8-digit products duty-free into the United States. GSP eligible products represent about 18% of the total number of traded products listed in the US tariff schedule – see figure 2 below. As Pakistan is already eligible for GSP preferences, there will be no tariff changes for products in these categories. However, the bill provides greater certainty for Pakistan’s exporters – currently the unilateral GSP preferences are extended by Congress for only one or two years – compared to the 15 year span of the ROZ arrangement - if not renewed by Congress before then. Furthermore, it appears that ROZ eligible products will not be subject to the automatic quantitative restrictions and annual lobbying by import competitors.¹ Currently any country exporting more than \$140 million of any one GSP product to the United States loses its duty free preference.² The US President may add products to the non-textile/non-apparel list after seeking the advice of the US International Trade Commission and if the US President determines that such articles are not import-sensitive. Once the ROZ regime is established, the Government of Pakistan could request the US Administration to include further products in which the ROZ eligible areas of Pakistan have a comparative advantage and that are unlikely to be import-sensitive, as ROZ eligible. Pakistan currently exports about 60 ROZ-uncovered products that are not textile, apparel or footwear related. Of these, the only product with a total 2008 export value to the US over \$100,000 and tariff above 12.5% was Scissors.

¹ “Import sensitive” products specifically excluded from GSP preferential treatment include textiles and apparel; certain watches; footwear and other accessories; certain electronics, steel, and glass products; and certain agricultural products subject to tariff-rate quotas. The lists of eligible products and the list of beneficiary developing countries are reviewed and revised annually by the GSP Subcommittee.

² Pakistan lost GSP eligibility on a number of products in 1996 because the US Administration considered that Pakistan had made insufficient progress on affording workers internationally recognized worker rights. Presidential Proclamation 6942

Figure 1: Figure 2. US MFN Tariff Line Distribution

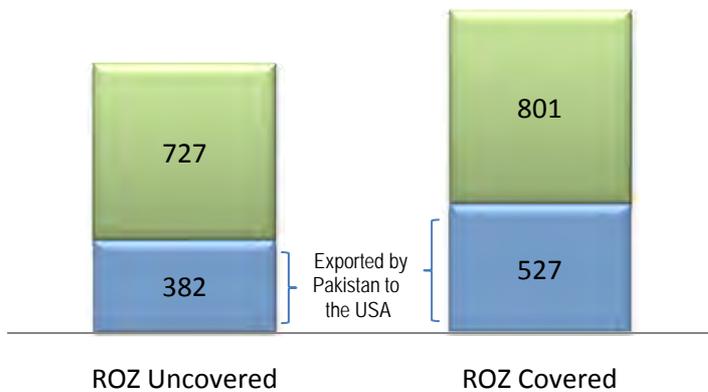


The textile and apparel products represent about ten percent of the total number of traded products listed in the US tariff schedule. Yarn and fabric products represent a further six percent of these total products – see Figure 1. The ROZ bill grants duty free access (referred to hereinafter as ROZ covered) for just over half of the total number of textile and apparel products traded, i.e. 1,338 10-digit Harmonized Tariff System (HTS) lines³.

In spite of the apparent public concern that products covered by ROZ represent a small share of Pakistan’s current exports – Pakistan currently exports 40%, or 527 of these covered products, which account for 47% of total Pakistan exports to the US - US\$1.7 billion in value.

Figure 2 shows the ROZ impact on the total 2,437 textile and apparel traded products. Fifty four percent of the product lines are covered by the ROZ bill – of which 527 or 40% are already exported.

Figure 2: 10-Digit Garment and Textile Products



Forty six percent are not covered – of which 382 or 34% are already exported.

The covered textile and apparel products include almost any apparel or non-apparel article that is manufactured from fabric; while excluding yarn and fabric themselves, leather garments and shoes. That is, only the 4-digit category 4202 (leather bags), and products within the 2-digit Chapters 56 to 63 are

covered by the ROZ legislation and discussed in this report.

Goods in this category currently face a trade-weighted average tariff of 7.8% with rates ranging from 0% to 32%⁴. 87 lines are already duty-free including 21 lines which are currently covered under GSP. The GSP lines include various categories of gloves, plain cotton towels and US\$352,000 of carpet exports.

³ The CRS (2009) report estimates that 1,600 10-digit textile and garment line items are covered by the ROZ legislation. The bills use the 1989 OITC garment and textile product categories to list eligible products. The 1989 list no longer exactly concurs to recent US tariff schedules. Of the approximately 2,100 products listed on the 1989 OITC list, only 1,328 remain on the 2009 US tariff schedule.

⁴ Data from USITC dataweb.

The PTP extends the above analysis to identify the ROZ covered products (HTS-10 digit lines) that may attract investment in the ROZs in the short run, and in the medium to long term period. The analysis is based on the International Trade Center data, and is structured around the respective criteria for the following scenarios and opportunity categories:

SCENARIO ANALYSIS

The analysis considers two scenarios. In **Scenario 1**, the location disadvantages associated with investing in the ROZ eligible areas are not compensated for by any facility or incentive to the investor other than the tariff free access to the US market. The estimated location disadvantage is assumed to be 8% of the average unit value of the textile / apparel product. This cost includes additional marginal cost related to transport, security, human resource, and compliance.

Scenario 2 assumes that the location disadvantages associated with investing in the ROZ eligible areas are partially compensated. It assumes that the infrastructure and shared facilities (such as shared security, electricity back-up, logistics cells, warehousing facilities, one window operations for compliance, recruitment and training facilities) will compensate for at least half of the location disadvantage cost. Under this scenario, ROZ covered products that have current average applicable tariff to the US market of 5% or more will become feasible under the ROZ program.

THE OPPORTUNITY CATEGORIES

Products that meet the tariff threshold criteria under the different scenarios mentioned above have to have a sufficiently large market in the US to invite investors in a 15 year program. Furthermore, to take immediate or near-term advantage of the ROZ Program, Pakistan must either have a competitive advantage of its own for the respective products or must be able to access it either through new investment or by attracting foreign direct investment. Keeping these factors in mind, the PTP has analyzed the ROZ covered products around the three following opportunity categories:

1. **Opportunities realizable through current competitiveness:** This category includes products in which Pakistan has current competitiveness and can expand its market share in the US on the basis of reduced price point
2. **Opportunities realizable through product enhancement or development:** This category includes products in which Pakistan has current competitiveness. However to increase its US market share, Pakistan will need to either improve the product quality or diversify products within the respective HTS Code. The reduction in the price point of the products in this category that Pakistan is currently producing and exporting to the US may not result in significant increase in demand for these products from the US market. The average unit value of the Pakistani exports in these product categories is generally significantly lower than the top 5 exporters of the same product categories to the US market.
3. **Opportunities realizable through developing or accessing competitiveness in new products:** This category includes products that pass the tariff threshold criteria and have a reasonable large US market. However, Pakistan does not have the required competitiveness to produce and export these products to the US market. Export opportunities for these products can be realized either through attracting FDI in the zones or through investment in developing the required competitiveness.

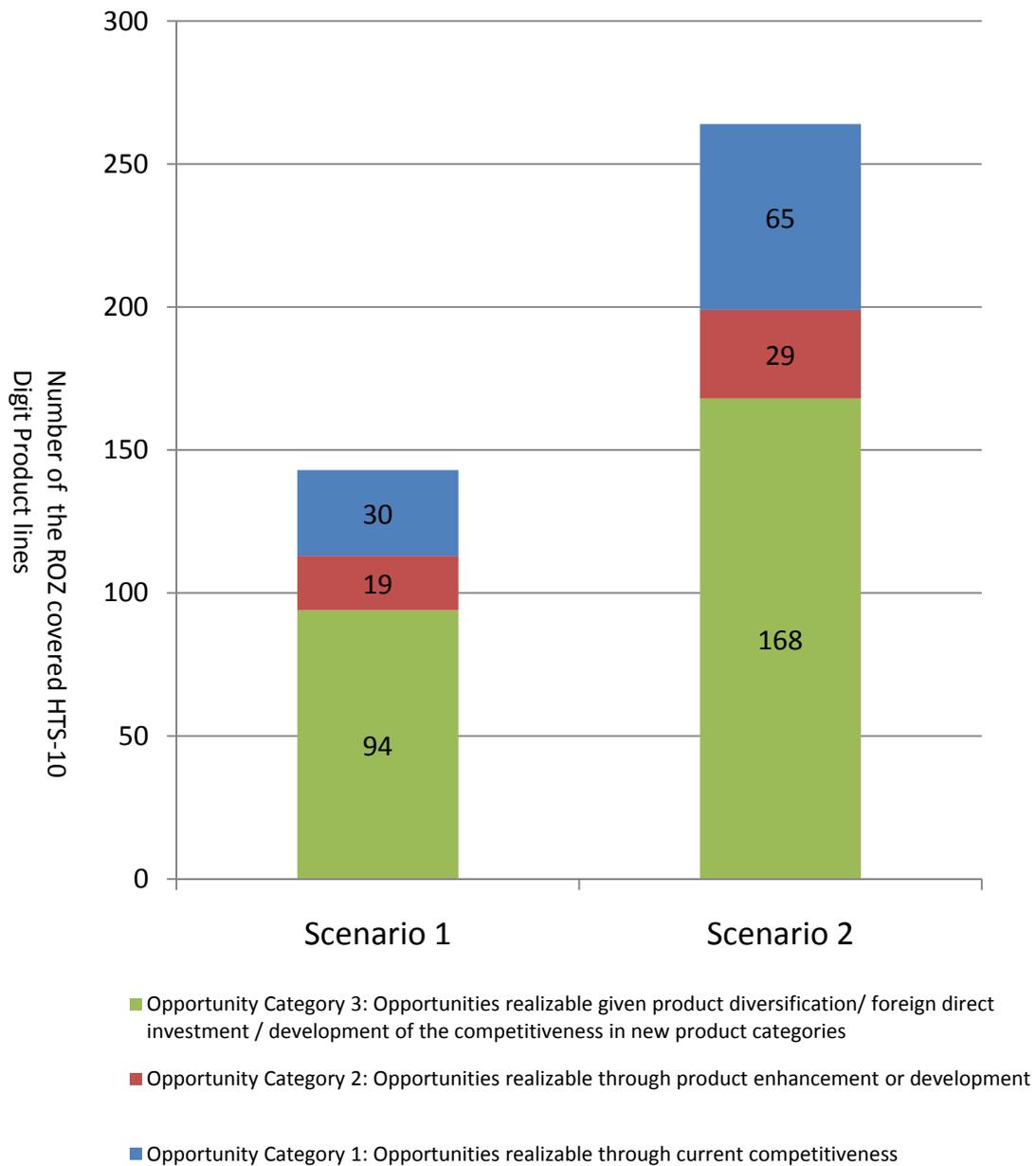
The product analysis criteria for the scenarios and the opportunity categories are explained through Figure 3 below.

Table 1: Product Analysis Criteria

OPPORTUNITY CATEGORIES	CRITERIA
1. Opportunities realizable through current competitiveness	<ul style="list-style-type: none"> a. Average applicable product tariff is 9% or more for Scenario 1 and 5% or more for Scenario 2 Average (2004-2008) total annual US imports of the product or group of similar products from the world is greater than USD 20 million b. Pakistan’s annual exports of the product to the USA have been close to USD 1 million or more in the recent year (2008) c. Price competition exists. The average unit value of the product imported by the USA from Pakistan is close to the unit value of the same product category imported by at least one of the top five (5) exporters (countries) of the same product to the USA
2. Opportunities realizable through product enhancement or development	<ul style="list-style-type: none"> a. Average applicable product tariff is 9% or more for Scenario 1 and 5% or more for Scenario 2 b. Average (2004-2008) total annual US imports of the product or group of similar products from the world is greater than USD 20 million c. Pakistan’s annual exports of the product to the USA have been close to USD 1 million or more in the recent year (2008) d. Product demand may not be price elastic. The average unit value of Pakistani product imported by the USA is considerably lower than the average unit value of the top 5 exporting countries to the USA in that product category
3. Opportunities realizable through product diversification/ foreign direct investment / developing competitiveness in new product categories	<ul style="list-style-type: none"> a. Average applicable product tariff is 9% or more for Scenario 1 and 5% or more for Scenario 2 b. Average (2004-2008) total annual US imports of the product or group of similar products from the world is greater than USD 20 million c. Pakistan’s annual exports of the product to the USA are less than USD 1 million in the recent year (2008)

Figure 3 below provides an overview of the ROZ opportunity through the 1338 HTS 10-digit product lines proposed for tariff free access under the ROZ program for Pakistan.

Figure 3: Number of the ROZ covered HTS-10 digit product lines potentially feasible for investment and exports under the ROZ Program



The analysis suggests that if the location disadvantage (assumed to be 8% of the average product unit value) is not compensated for at all, then of the 1338 HTS-10 digit lines covered under the proposed ROZ Program, Pakistan – specifically the northwest areas eligible for the ROZ program - may be able to take advantage of only 30 product lines in which Pakistan has current competitiveness. If the location disadvantage is compensated for at least partially (by 50%) covered by facilities and incentives at the ROZ sites, then number of ROZ covered products feasible to attract domestic investment in the short to medium run may expand to up to 65 product lines. Attracting foreign direct investment for products covered by the ROZ, but in which Pakistan does not have current

competitiveness in, may expand the set of products feasible for investment in the ROZs to 143 HTS 10-digit product lines if the location disadvantage remains at 8% of the average product cost; or 262 product lines if the location disadvantages of locating investment in the ROZs is reduced to 4% of the average product cost.

The following discuss opportunity categories in detail.

OPPORTUNITY CATEGORY 1: OPPORTUNITIES REALIZABLE THROUGH CURRENT COMPETITIVENESS

This section presents the HTS 10 digit product lines covered by the ROZ that may present a feasible opportunity to attract domestic investment in the ROZ sites and to increase US market share based on Pakistan's existing competitiveness levels. The HTS-10 digit lines in this category full fill the following criteria

- a. Average applicable product tariff is 9% or more in case of Scenario 1 or 5% or more in case of scenario 2.
- b. Average (2004-2008) total annual US imports of the product or group of similar products from the world is greater than USD 20 million
- c. Pakistan's annual exports of the product to the USA have been close to USD 1 million or more
Price competition exists.
- d. The average unit value of the product imported by the USA from Pakistan is close to the unit value of the same product category imported by at least one of the top five (5) exporters (countries) of the same product to the USA

Of the total 1338 ROZ covered HTS-10 digit lines, thirty (30) product lines fall in the Opportunity Category 1 / Scenario 1. If the location disadvantage is partially compensated for through ROZ site facilities (Scenario 2), then the opportunity in this category more than doubles to 65 HTS-10 digit lines. Table 2 below provides an overview of the 10-digit products lines in Opportunity Category 1, under each scenario.

Table 2: Number of HTS-10 Digit Product Lines under Opportunity Category 1, by HTS-2 Digit Chapter, Raw Material and Respective Scenarios

Raw Material	Cotton		Natural material other than cotton		Man-made material		Other		Total	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2
Chapter 61	13	19	0	0	1	1	0	0	14	20
Chapter 62	3	9	0	0	4	6	0	0	7	15
Chapter 63	8	23	0	0	0	3	0	0	8	26
Other	0	0	0	0	0	0	1	4	1	4
Total	24	51	0	0	5	10	1	4	30	65

Approximately 80% of the HTS-10 digit product lines in this Opportunity Category are cotton based products. This is indicative of the fact that Pakistan’s textile competitiveness lies in product lines that are based on cotton as the base raw material. The majority of these product lines belong to the HTS-2 digit Chapters 61, 62 and 63⁵.

China is the top exporter to the USA in 53 of the 65 products in this category (81.5%). Tariff free access to the US market will most probably affect the exports of China, Bangladesh, Sri Lanka, Guatemala and Mexico in the respective products.

Please see Annex 1-A and 1-B for detailed list of the HST-10 Digit product lines in the Opportunity Category 1, for Scenario 1 and Scenario 2 respectively.

OPPORTUNITY CATEGORY 2: OPPORTUNITIES REALIZABLE THROUGH PRODUCT ENHANCEMENT OR DEVELOPMENT

This section presents the HTS 10 digit product lines covered by the ROZ that may present a feasible opportunity to attract investment in the ROZ sites only if the product currently exported under the respective 10-digit lines is enhanced or positioned better. Pakistan’s current annual exports to the US market for each of the product line in this category is USD 1 million or more, which indicates that Pakistan has some competitiveness in these products. However, Pakistan cannot compete for a larger US market share in these products on the basis of price alone. The unit value of the Pakistani

⁵ Chapter 61 - articles of apparel and clothing accessories, knitted or crocheted

Chapter 62 - articles of apparel and clothing accessories, not knitted or crocheted

Chapter 63 – other made up textile articles, sets, worn clothing and worn textile articles, rags. This includes bed linens, table cloths ..etc

products in this category is already significantly below the average value per unit of the respective products imported by the USA. The HTS-10 digit lines in this category fulfill the following criteria:

- a. Average applicable product tariff is 9% or more in case of Scenario 1 or 5% or more in case of scenario 2.
- b. Average (2004-2008) total annual US imports of the product or group of similar products from the world are greater than USD 20 million.
- c. Pakistan’s annual exports of the product to the USA have been close to USD 1 million or more.
- d. The average unit value of the product imported by the USA from Pakistan is significantly lower than the lowest average unit value of the top 5 exporters of the respective product to the USA. In general, the average import value per unit of the Pakistani product for the USA market is 50% or less than the average unit value of total import of the respective product by the USA.

Nineteen (19) out of the total 1338 HTS 10-digit product lines fall in the Opportunity Category 2 / Scenario 1. If the location disadvantage is partially compensated through ROZ site facilities (Scenario 2), then the number of 10-digit product lines increases to thirty one (29). Table 2 below provides an overview of the 10-digit products lines in Opportunity Category 2, under each scenario.

Table 3: Number of HTS-10 Digit Product Lines under Opportunity Category 2, by HTS-2 Digit Chapter, Raw Material and Respective Scenarios

Raw Material	Cotton		Natural material other than cotton		Man-made material		Other		Total	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2
Chapter 61	2	4	0	0	3	3	0	0	5	7
Chapter 62	4	9	0	0	3	3	0	0	7	12
Chapter 63	7	7	0	1	0	2	0	0	7	10
Other	0	0	0	0	0	0	0	0	0	0
Total	13	20	0	1	6	8	0	0	19	29

Because the product selection for this category is also based on an indicator (annual exports of the 10 digit product line is USD 1 million or more) that is a proxy for Pakistan’s current competitiveness, most the product lines in this opportunity category are cotton based. Cotton based bed linen, towels and kitchen linen (Chapter 63) form the majority of the products in this category. Other products include men’s, women’s and babies apparels and clothing accessories. Despite the tariff free access to the US market for the products in this Opportunity Category, Pakistan would need to enhance the quality and / or the positioning of the products to expand the US market share.

Please see Annex 2-A and 2-B for detailed list of the HST-10 Digit product lines in the Opportunity Category 1, for Scenario 1 and Scenario 2 respectively.

OPPORTUNITY CATEGORY 3: OPPORTUNITIES REALIZABLE GIVEN PRODUCT DIVERSIFICATION/ FOREIGN DIRECT INVESTMENT / DEVELOPMENT OF THE COMPETITIVENESS IN NEW PRODUCT CATEGORIES

The HTS 10 digit ROZ covered product lines in this category have a feasible market size in the US; each is subject to an average US import tariff rate greater than the net location disadvantage of the ROZ site locations; however these products are not currently being exported by Pakistan to the USA in a significant volume. The HTS-10 digit lines in this category fulfill the following criteria:

- Average applicable product tariff is 9% or more in case of Scenario 1 or 5% or more in case of scenario 2.
- Average (2004-2008) total annual US imports of the product or group of similar products from the world is greater than USD 20 million
- Pakistan’s annual exports of the product to the USA are less than USD 1 million (2008)

Ninety-four (94) HTS 10-digit product lines fall in the Opportunity Category 3 / Scenario 1. If the location disadvantage is partially compensated for through ROZ site facilities (Scenario 2), then the number of 10-digit product lines increases to one hundred and sixty eight (168). Table 2 on the next page provides an overview of the 10-digit products lines in Opportunity Category 3, under each scenario.

Table 4: Number of HTS-10 Digit Product Lines under Opportunity Category 3, by HTS-2 Digit Chapter, Raw Material and Respective Scenarios

Raw Material	Cotton		Natural material other than cotton		Man-made material		Other		Total	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2
Chapter 61	11	14	1	6	29	33	0	0	41	53
Chapter 62	13	30	0	8	31	44	0	0	44	82
Chapter 63	4	8	2	2	1	4	0	0	7	14
Other	2	9	0	2	0	6	0	2	2	19
Total	31	61	3	20	61	87	0	0	94	168

The majority of the products in this category are based on man-made fibers. The cotton based products are primarily apparel such as men's overcoats, anoraks and suit type jackets, women's/girl's dresses and babies garments. Pakistan's textile sector is predominantly based on cotton. Man-made fibers have to be imported and thus are not significantly used by the sector. The cotton based products in this category require quality and precision with respect to the product specifications. The skill required in stitching and/or knitting for these products has to be more advanced than the general resource deployed in the sector. While these products do pose an opportunity for investment and export to the USA under the ROZ program, acquiring domestic competency to produce and export these products to the US market would require time as well as investment in machinery, skill development, product research and development, and in establishing new and efficient logistical chains to ensure that raw-material imported is available just in time. On the other hand, if the opportunity offered by these products under the ROZ program is able to attract foreign direct investment (FDI) with prior competency (with respect to product development, related technology, quality management and work force development), chances for the ROZs to produce and export in the near to medium term some of the products in this category may expand. Taking into account the additional costs and risks (such as exchange rate risk, profit repatriation risk, additional cost of expat management staff ...etc), only products with currently significantly high tariff barrier to the US market will attract FDI in the ROZs – unless the advantages, facilities and the incentives offered by the ROZs out-weigh the additional costs / risks associated with FDI in the ROZs.

Please see Annex 3-A and 3-B for detailed list of the HST-10 Digit product lines in the Opportunity Category 3, for Scenario 1 and Scenario 2 respectively.

CONCLUSION

The USA is the largest importing country in the world, with a 13.3% share in total world imports in 2008. Pakistan accounts for not more than 0.2% of the US imports (value). On the other hand, the USA accounts for the largest share (approximately 18% in 2008, according to the International Trade Center data) of Pakistan's total exports. The ROZ Program for Pakistan can potentially stimulate Pakistan's exports and help stabilize the socio-politically fragile northwest areas of Pakistan through encouraging investment and production in the ROZs for the US market. The ROZ Program can also stimulate the much needed diversification of Pakistani exports in terms of products, even within the textile / apparel category that accounts for approximately 55% (July-November FY10, State Bank of Pakistan data) of Pakistan's total exports.

The extent to which the opportunities in terms of export stimulation, regional development and product diversification materialize under the ROZ Program (given that the ROZ development and Program compliance takes place) depends on the set of products that is provided tariff free access to the US market under the ROZ program. Currently, the ROZ Bill provides tariff free access to 1338 HTS-10 digit product lines. Of these products only 30 – 65 (2%-5% of the 1338 product lines respectively) products lines appear to be feasible to attract domestic investment based on current competitiveness of Pakistan's textile sector. The list of feasible products can be expanded at the most to about 262 products lines if the ROZs are able to attract foreign investment and competencies; and if there is a net cost advantage for investors to locate in the ROZs versus anywhere else in the country or, for the foreign investors, in the world.

Thus the ROZ covered product list, as it stands now, can drive regional development on the basis of approximately 262 product categories (HTS 10-digit). Through the mix of products in which Pakistan has current competitiveness and products in which Pakistan needs to acquire competitiveness, the ROZ Program offers a tacit incentive for product diversification within the textile / apparel categories and an opportunity to attract foreign direct investment.

The set of potential, effective opportunities under the ROZ program for regional development of the northwest regions of Pakistan can be expanded, however, through one or more of following:

1. Expansion/revision of products covered under the ROZ Bill to include more products which Pakistan is currently producing, has competitive advantage in, and is subject to high US import tariff. The Congressional Research Service (CSR) report "Afghanistan and Pakistan Reconstruction Opportunity Zones: Issues and Arguments" identifies 45 HTS-10 digit apparel / textile product lines (See Annex 4) out of the top 100 US imports from Pakistan (2008), for which tariffs will not be removed under the ROZ. The total weighted average tariff rate for these products is approximately 15.6%, and together they accounted for USD1.3 billion in exports to US in 2008.

The advantage of revising the list of products to be provided tariff free access under the ROZ may have the following pros and cons:

- a. Pros:

- i. Allow the ROZ Program to generate greater implementation and success momentum when / if the ROZ legislation comes through;
 - ii. Will allow for greater impact in terms of new domestic investment in the ROZ
 - iii. Increase the potential viability of the initial pilot ROZ sites that will lead the way for subsequent sites
 - iv. Pakistan's total exports have been declining (7.4% year-on-year decline during July-November, FY 2010) amidst the decrease in global demand and domestic supply side challenges such as power shortages and rising cost of production. The textile sector exports too declined by 3.2% year on year in the FY10. Tariff free US market access to products in which Pakistan has current competitive advantage and market share vis a vis the US can be the support Pakistan needs to manage its growing current account deficit till structural improvements in Pakistan's economy are made.
- b. Cons:
- i. Basing the incentive of tariff free US market access on textile / apparel products in which we have current competencies alone may mean that the ROZs cannibalize on the investment in the rest of the country if the net advantage of locating in the ROZs is greater than anywhere else in the country.
 - ii. Pakistan's exports are concentrated (55% of total export value) in the textile and apparel sector. Within the textile/apparel sector, Pakistan's exports are concentrated in cotton based, lower value added products. An ROZ program that covers primarily products in which Pakistan has the greatest existing competitiveness can dilute the potential ROZ Program effect in terms of export diversification within the textile / apparel categories to include higher value added, higher skill oriented products.
2. Expand the set of products by products subject to high trade weighted US import tariff rate, and in which Pakistan does not have current competitive advantage. This is to attract more FDI. This would also drive export diversification in Pakistan.
 3. Expand the set of incentives so that not only do the incentives off-set the location disadvantages vis a vis the ROZs but also create a net advantage of locating investment in the ROZ rather than anywhere else in the country. The incentives may be in terms of shared facilities such as power back-up, skill development, logistics support, etc. The incentives will have to be sustainable, and the Government of Pakistan will need to put forth its commitment to create and sustain those incentives.

Finally, the ROZ Program innately has greater impact in terms of regional development of the ROZ eligible areas, than it has in terms of export development and diversification for Pakistan as a whole. For the latter objective, a Free Trade Agreement (FTA) may be a more appropriate tool of assistance. However, without specific incentives and advantages for locating in the north western regions of Pakistan the FTA will not have a significant impact on regional development of the northwestern borders, strategic for Pakistan's and USA's counter terrorism objectives. Thus it is difficult to recommend the ROZ Program over an FTA or vice versa for each will work towards a different goal and strategic objective. In both cases, the role of foreign direct investment will be crucial in expanding the effectiveness of the assistance.

ANNEXES

ANNEX 1A: DETAILED LIST OF THE HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 1, SCENARIO 1

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
1	Cotton	61	6116926430	23.5%	GLOVES, MITTENS AND MITTS, KNITTED OR CROCHETED, OF COTTON: OF PRE-EXIST FABRIC, NO FOURCHETTES SIDEWALLS, LISLE, NO PILE NOT BRUSHED/NAPPED	2,305	36.862%	5,970	88.24%
2	Cotton	61	6116926420	23.5%	GLOVES, MITTENS AND MITTS, KNITTED OR CROCHETED, OF COTTON: OF PRE-EXIST FABRIC, NO FOURCHETTES SIDEWALLS, JERSEY, BRUSHED OR NAPPED FABRIC	1,030	8.432%	13,879	83.11%
3	Cotton	61	6116926440	23.5%	GLOVES, MITTENS AND MITTS, KNITTED OR CROCHETED, OF COTTON: OF PRE-EXIST FABRIC, NO FOURCHETTES SIDEWALLS, OTHER	535	8.472%	6,525	239.40%
4	Cotton	61	6116926410	23.5%	GLOVES, MITTENS AND MITTS, KNITTED OR CROCHETED, OF COTTON: OF PRE-EXIST FABRIC, NO FOURCHETTES SIDEWALLS, TERRY, LOOPED PILE FABRIC	415	38.641%	1,204	106.93%
5	Cotton	62	6216003800	23.5%	GLOVES, MITTENS AND MITTS: OF COTTON: NO FOURCHETTES, SIDEWALLS	2,480	10.811%	22,274	88.93%
6	Cotton	63	6302315020	20.9%	OTHER BED LINEN, NOT PRINTED, KNITTED, OR NAPPED; COTTON SHEETS, CONTAINING EMBROIDERY, LACE, BRAID, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	4,188	9.882%	47,751	60.64%
7	Cotton	63	6302215020	20.9%	OTHER BED LINEN: PRINTED, NOT KNIT, COTTON SHEETS, NOT NAPPED, CONTAINING EMBROIDERY, LACE, BRAID, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	564	18.425%	4,454	127.12%
8	Cotton	63	6302215010	20.9%	OTHER BED LINEN: PRINTED, NOT KNIT, COTTON PILLOWCASES, NOT NAPPED, CONTAINING EMBROIDERY, LACE, BRAING, TRIMMING, PIPING OR APPLIQUE WORK	436	27.612%	1,671	87.45%
9	Man made fibers	61	6116939400	18.6%	GLOVES, MITTENS AND MITTS, KNITTED OR CROCHETED, OF SYNTHETIC FIBER: FOURCHETTES SIDEWALLS, CONTAINING LESS THAN 23 PERCENT	889	2.002%	42,525	100.00%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
					WOOL OR F.A.H.				
10	Cotton	61	6110202067	16.5%	MEN S OR BOYS PULLOVERS AND SIMILAR ARTICLES OF COTTON KNIT TO SHAPE, CONTAINING LESS THAN 36 PERCENT BY WEIGHT OF FLAX FIBERS	5,484	4.611%	72,975	39.76%
11	Cotton	61	6110202077	16.5%	WOMEN S OR GIRLS PULLOVERS AND SIMILAR ARTICLES OF COTTON KNIT TO SHAPE, CONTAINING LESS THAN 36 PERCENT BY WEIGHT OF FLAX FIBERS	1,951	0.319%	291,203	40.28%
12	Manmade fibers	62	6211330010	16.0%	MEN S COVERALLS, JUMPSUITS, AND SIMILAR APPAREL, OF MAN-MADE FIBERS, NOT KNITTED	1,774	2.646%	58,731	48.37%
13	Manmade fibers	62	6208920010	16.0%	WOMEN S BATHROBES, DRESSING GOWNS, AND SIMILAR ARTICLES, OF MAN-MADE FIBERS, NOT KNITTED	1,190	3.765%	37,992	71.88%
14	Manmade fibers	62	6208220000	16.0%	WOMEN S OR GIRLS NIGHTDRESSES AND PAJAMAS, OF MANMADE FIBERS, NOT KNITTED OR CROCHETED	1,183	1.168%	99,232	68.52%
15	Manmade fibers	62	6211330061	16.0%	MEN S OR BOYS OTHER APPAREL, OF MAN-MADE FIBERS, NOT KNITTED	428	0.925%	51,587	74.63%
16	Cotton	61	6101200010	15.9%	MEN S OR BOYS OVERCOATS, CARCOATS, CAPES, CLOAKS, ANORAKS, WINDBREAKERS, AND SIMILAR ARTICLES, KNITTED OR CROCHETTED: OF COTTON: MEN S	80,152	13.628%	376,133	77.88%
17	Cotton	61	6102200010	15.9%	WOMEN S OR GIRLS OVERCOATS, CARCOATS, CAPES, CLOAKS, ANORAKS, WINDBREAKERS, AND SIMILAR ARTICLES, KNITTED OR CROCHETTED: OF COTTON: WOMEN S	18,789	3.129%	432,986	75.61%
18	Cotton	61	6101200020	15.9%	MEN S OR BOYS OVERCOATS, CARCOATS, CAPES, CLOAKS, ANORAKS, WINDBREAKERS, AND SIMILAR ARTICLES, KNITTED OR CROCHETTED: OF COTTON: BOYS	10,294	6.489%	90,699	100.00%
19	Cotton	61	6102200020	15.9%	WOMEN S OR GIRLS OVERCOATS, CARCOATS, CAPES, CLOAKS, ANORAKS, WINDBREAKERS, AND SIMILAR ARTICLES, KNITTED OR CROCHETTED: OF	4,792	2.842%	139,963	86.00%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
					COTTON: GIRLS				
20	Cotton	61	6111203000	14.9%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF COTTON: SWEATERS, PULLOVERS, SWEATSHIRTS, ETC., NOT IMPORTED AS PARTS OF SETS	1,156	0.631%	149,988	65.38%
21	Cotton	94	9404908505	12.8%	QUILTS, EIDERDOWNS, AND COMFORTERS WITH OUTER SHELL OF COTTON	10,353	7.116%	155,490	104.35%
22	Cotton	61	6104420020	11.5%	GIRLS DRESSES, KNITTED OR CROCHETED, OF COTTON	194	0.121%	93,446	55.81%
23	Cotton	61	6111204000	11.5%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF COTTON: DRESSES	138	0.255%	40,408	84.38%
24	Cotton	62	6203422010	10.3%	MEN S BIB AND BRACE OVERALLS, NOT KNITTED, OF COTTON, NOT INSULATED	1,071	3.410%	31,663	76.26%
25	Cotton	63	6303910010	10.3%	WINDOW CURTAINS, INCLUDING DRAPES, AND WINDOW VALANCES, NOT KNITTED OR CROCHETED, OF COTTON	29,530	18.376%	160,532	77.11%
26	Cotton	63	6303910020	10.3%	CURTAINS, INCLUDING DRAPES, AND INTERIOR BLINDS, CURTAIN OR BED VALANCES, NOT KNITTED OR CROCHETED, OF COTTON	22,194	16.884%	126,965	69.63%
27	Cotton	62	6201922031	9.4%	MEN S ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF COTTON: BLUE DENIM	514	3.583%	28,223	80.70%
28	Cotton	63	6302600010	9.1%	TOILET LINEN AND KITCHEN LINEN, OF TERRY TOWELING OR SIMILAR TERRY FABRICS, OF COTTON: DISH TOWELS	7,568	9.381%	74,123	66.10%
29	Cotton	63	6302910045	9.2%	OTHER WOVEN DISHTOWELS, OF COTTON, NOT JACQUARD FIGURED OR OF PILE OR TUFTED CONSTRUCTION	7,352	14.586%	53,816	60.00%
30	Cotton	63	6302600030	9.1%	TOILET LINEN AND KITCHEN LINEN, OF TERRY TOWELING OR SIMILAR TERRY FABRICS, OF COTTON: OTHER THAN TOWELS	125,039	54.740%	208,028	83.33%

ANNEX 1B: ADDITIONAL HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 11F SCENARIO 2 PREVAILS

Product						USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
1	Cotton	61	6107210010	8.9%	MEN S NIGHTSHIRTS AND PAJAMAS, KNITTED OR CROCHETED, OF COTTON	1,018	4.773%	27,339	106.67%
2	Cotton	62	6208210020	8.9%	WOMEN S NIGHTDRESSES AND PAJAMAS, OF COTTON, NOT KNITTED, WITH LESS THAN TWO COLORS IN THE WARP AND/OR THE FILLING	3,837	3.419%	133,764	58.18%
3	Cotton	62	6208210010	8.9%	WOMEN S OR GIRLS NIGHTDRESSES AND PAJAMAS, OF COTTON, NOT KNITTED, WITH TWO OR MORE COLORS IN THE WARP AND/OR THE FILLING	1,371	3.615%	37,233	89.55%
4	Cotton	62	6207210030	8.9%	MEN S NIGHTSHIRTS AND PAJAMAS, OF COTTON, NOT KNITTED, WITH NT GT OR EQUAL TO TWO COLORS IN THE WARP AND/OR THE FILLING	733	4.952%	21,225	50.00%
5	Cotton	62	6207210010	8.9%	MEN S NIGHTSHIRTS AND PAJAMAS, OF COTTON, NOT KNITTED, WITH TWO OR MORE COLORS IN THE WARP AND/OR THE FILLING	630	2.020%	27,281	39.66%
6	Cotton	61	6107910030	8.7%	MEN S OR BOYS SLEEPWEAR AND SIMILAR ARTICLES, KNITTED OR CROCHETED: OF COTTON	2,289	2.964%	57,988	116.13%
7	Cotton	61	6108310010	8.5%	WOMEN S NIGHTDRESSES AND PAJAMAS, KNITTED OR CROCHETED, OF COTTON	14,138	3.253%	423,185	79.17%

Product						USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg- Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
8	Cotton	61	6108910030	8.5%	WOMEN S BATHROBES, DRESSING GOWNS, NEGLIGEES, AND SIMILAR ARTICLES, KNITTED OR CROCHETED, OF COTTON	3,748	1.287%	273,890	88.10%
9	Cotton	61	6108310020	8.5%	GIRLS NIGHTDRESSES AND PAJAMAS, KNITTED OR CROCHETED, OF COTTON	1,233	1.842%	72,774	61.11%
10	Cotton	63	6301300010	8.4%	BLANKETS AND TRAVELING RUGS, OF COTTON, WOVEN	18,708	21.365%	80,677	63.60%
11	Cotton	63	6301300020	8.4%	BLANKETS AND TRAVELING RUGS, OF COTTON, OTHER THAN WOVEN	2,073	6.208%	39,448	84.84%
12	Manmade fibers	63	6305330050	8.4%	SACKS AND BAGS, OF A KIND USED FOR PACKING OF GOODS, OF POLYETHYLENE/POLYPROPYLENE STRIP/THE LIKE, LT 1KG, W/ OUTER LAMINATED PLY OF PLASTIC SHEETING	479	0.889%	13,852	154.72%
13	Manmade fibers	63	6305330080	8.4%	SACKS AND BAGS, OF A KIND USED FOR THE PACKING OF GOODS, OF POLYETHYLENE OR POLYPROPYLENE STRIP OR THE LIKE, WEIGHING LESS THAN 1 KG, NESOI	429	0.552%	22,864	105.74%
14	Manmade fibers	63	6305330010	8.4%	SACKS AND BAGS, OF A KIND USED FOR THE PACKING OF GOODS, OF MAN-MADE TEXTILE MATERIALS: POLYETHYLENE OR POLYPROPYLENE STRIP OR THE LIKE, 1 KG OR MORE	20	0.027%	70,417	105.99%
15	Cotton	62	6204522070	8.2%	WOMEN S SKIRTS AND DIVIDED SKIRTS, OF COTTON, NOT KNITTED, OTHER	756	0.198%	539,432	71.08%

Product						USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg- Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
16	Cotton	61	6111206010	8.1%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF COTTON: SUNSUITS, WASHSUITS, AND SIMILAR APPAREL	2,520	0.757%	306,377	38.74%
17	Cotton	62	6208911010	7.5%	WOMEN S BATHROBES, DRESSING GOWNS, AND SIMILAR ARTICLES, OF COTTON, NOT KNITTED	5,058	7.562%	86,455	82.19%
18	Manmade fibers	62	6201933000	7.1%	MEN S OR BOYS ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF MAN-MADE FIBERS: LESS THAN 36 PERCENT WOOL, WATER RESISTANT, NO DOWN	5,571	0.822%	705,552	96.27%
19	Manmade fibers	62	6202934500	7.1%	WOMEN S OR GIRLS ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF MAN-MADE FIBERS, WATER RESISTENT, NOT DOWN-FILLED	913	0.197%	395,959	97.67%
20	Cotton	63	6302319020	6.7%	OTHER BED LINEN, NOT PRINTED/KNIT/NAPPED, COTTON SHEETS, NOT CONTAINING EMBROIDERY, LACE, BRAID, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	215,540	21.079%	796,309	74.84%
21	Cotton	63	6302219020	6.7%	OTHER BED LINEN: PRINTED, NOT KNIT, COTTON SHEETS, NOT NAPPED, NOT CONTAINING EMBROIDERY, LACE, BRAIDING, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	115,151	40.638%	264,858	84.55%
22	Cotton	63	6302319010	6.7%	OTHER BED LINEN NOT PRINTED, KNITTED, OR NAPPED, COTTON PILLOWCASES, NOT CONTAINING EMBROIDERY, LACE, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	48,737	19.542%	190,533	79.22%
23	Cotton	63	6302219010	6.7%	OTHER BED LINEN: PRINTED, NOT KNIT, COTTON PILLOWCASES, NOT NAPPED, NOT CONTAINING ANY EMBROIDERY, LACE, BRAID, EDGING, TRIMMING, PIPING , ETC.	28,352	40.874%	65,821	81.68%
24	Cotton	63	6302219050	6.7%	OTHER BED LINEN NESOI, PRINTED, NOT KNIT, COTTON, NOT NAPPED, NOT CONTAINING EMBROIDERY, LACE, BRAID, EDGING, PIPING OR APPLIQUE WORK	10,771	23.838%	44,236	78.57%

Product						USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg- Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
25	Cotton	63	6302319050	6.7%	OTHER BED LINEN NESOI, NOT PRINTED/KNIT/NAPPED, NOT CONTAINING EMBROIDERY, LACE, BRAID, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	4,896	5.935%	88,101	49.92%
26	Cotton	63	6302319040	6.7%	OTHER BED LINEN, NOT PRINTED/KNIT/NAPPED, COTTON PILLOWCOVERS, NOT CONTAINING EMBROIDERY, LACE, BRAID, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	1,949	12.955%	17,304	0.00%
27	Cotton	63	6304920000	6.3%	FURNISHING ARTICLES, NESOI, EXCLUDING THOSE OF HEADING 9404: NOT KNITTED OR CROCHETED, OF COTTON	26,105	10.533%	200,858	104.28%
28		94	4202921500	6.3%	TRAVEL,SPORTS AND SIMILAR BAGS, OUTER SURFACE OF COTTON	5,621	1.706%	241,848	24.85%
29	Cotton	63	6302100008	6.0%	BED LINEN, TABLE LINEN, TOILET LINEN AND KITCHEN LINEN: BED LINEN, OF COTTON, KNITTED OR CROCHETED, SHEETS	67,857	80.494%	79,691	100.58%
30	Cotton	63	6302513000	5.8%	TABLE LINEN: NOT KNIT OTHER WEAVE COTTON TABLECLOTHS AND NAPKINS	4,170	8.872%	50,024	82.61%
31	Cotton	63	6307102005	5.3%	OTHER MADE UP ARTICLES, INCLUDING DRESS PATTERNS: SHOP TOWELS DEDICATED FOR USE IN GARAGES, FILLING STATIONS, AND MACHINE SHOPS, OF COTTON	15,975	59.726%	25,829	120.00%
32	Cotton	63	6307102027	5.3%	OTHER MADE UP ARTICLES, INCLUDING DRESS PATTERNS: DISH CLOTHS, OF COTTON	8,990	37.189%	25,729	100.00%
33	Cotton	94	9404901000	5.3%	PILLOWS, CUSHIONS AND SIMILAR FURNISHING OF COTTON	3,033	1.812%	152,630	100.00%
34	Cotton	63	6302512000	4.8%	TABLE LINEN: NOT KNIT PLAIN WOVEN COTTON TABLECLOTHS AND NAPKINS	4,662	5.945%	92,986	59.18%
35	Other	94	9404908020	4.4%	QUILTS, EIDERDOWNS, COMFORTERS AND SIMILAR ARTICLES	69,827	12.127%	395,332	62.50%

ANNEX 2A: DETAILED LIST OF THE HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 2, SCENARIO 1

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value – Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
1	Cotton	63	6302315050	20.9%	OTHER BED LINEN NESOI, NOT PRINTED, KNITTED, OR NAPPED, CONTAINING EMBROIDERY, LACE, BRAID, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	4,152	14.016%	28,325	54.84%
2	Cotton	63	6302315010	20.9%	OTHER BED LINEN, NOT PRINTED/KNIT, COTTON PILLOECASES, NOT NAPPED, CONTAINING EMBROIDERY, LACE, BRAID, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	2,588	15.350%	19,210	53.67%
3	Cotton	63	6302215050	20.9%	OTHER BED LINEN, PRINTED, NOT KNIT, COTTON, NESOI, NOT NAPPED, CONTAINING EMBROIDERY, LACE, BRAID, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	1,195	20.213%	4,572	85.19%
4	Manmade fibers	62	6211430091	16.0%	WOMEN S OR GIRLS OTHER APPAREL, OF MAN-MADE FIBERS, NOT KNITTED	7,140	4.225%	169,736	42.86%
5	Manmade fibers	62	6204434030	16.0%	WOMEN S DRESSES, OF SYNTHETIC FIBERS, NOT KNITTED, WITH LESS THAN TWO COLORS IN THE WARP	1,623	0.261%	512,842	21.94%
6	Manmade fibers	62	6211430060	16.0%	WOMEN S OR GIRLS BLOUSES, SHIRTS AND SHIRT-BLOUSES, AND SIMILAR UPPER BODY GARMENTS EXCLUDED FROM HEADING 6206, OF MAN-MADE FIBERS, NOT KNITTED	966	0.651%	148,634	54.55%
7	Cotton	62	6206303041	15.4%	ARTICLES OF APPAREL..NOT KNITTED/CROCHETED: WOMEN'S OR GIRLS' BLOUSES, SHIRTS... OF COTTON: OTHER WOMEN'S	1,673	0.147%	594,956	34.29%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value – Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
8	Cotton	61	6111202000	14.9%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF COTTON: T-SHIRTS, SINGLETs AND SIMILAR GARMENTS, EXCEPT THOSE AS PARTS OF SETS	1,807	3.305%	41,107	48.80%
9	Manmade fibers	61	6114303060	14.9%	MEN S OR BOYS OTHER GARMENTS, KNITTED OR CROCHETED, OF MAN-MADE FIBERS: OTHER APPAREL	8,000	10.601%	60,251	55.00%
10	Manmade fibers	61	6117809540	14.6%	OTHER MADE UP CLOTHING ACCESSORIES, KNITTED OR CROCHETED, PARTS OF GARMENTS: OTHER ACCESSORIES, CONTAINING LESS THAN 23 PERCENT WOOL OR F.A.H.	984	1.880%	36,713	85.71%
11	Cotton	62	6217109510	14.6%	OTHER MADE UP CLOTHING: ACCESSORIES, OF COTTON	3,043	9.575%	31,740	39.75%
12	Manmade fibers	61	6116105520	13.2%	OTHER GLOVES, KNITTED OR CROCHETED, GREATER THAN OR EQUAL TO 50 PERCENT MFA FIBERS, NO FOURCHETTES, IMPREGNATED, SUBJECT TO MAN-MADE FIBERS RESTRAINTS	2,222	3.233%	46,491	56.84%
13	Cotton	61	6104420010	11.5%	WOMEN S DRESSES, KNITTED OR CROCHETED, OF COTTON	3,341	1.560%	115,770	28.57%
14	Cotton	62	6201122050	9.4%	MEN S OVERCOATS, CARCOATS, CAPES, CLOAKS, AND SIMILAR COATS, NOT KNITTED, OF COTTON: OTHER	870	2.419%	33,179	18.45%
15	Cotton	63	6302910050	9.2%	OTHER WOVEN TOWELS, OF COTTON, EXCEPT DISHTOWELS, NOT JACQUARD FIGURED OR PILE OR TUFTED CONSTRUCTION	6,497	28.659%	24,215	59.26%
16	Cotton	63	6302910015	9.2%	OTHER TOWELS, OF COTTON, OF PILE OR TUFTED CONSTRUCTION, EXCEPT TERRY	2,713	8.390%	29,707	69.31%
17	Cotton	63	6302910060	9.2%	COTTON FURNISHINGS, NESOI, EXCEPT TOWEL, NOT JACQUARD FIGURED OR OF PILE OR TUFTED CONSTRUCTION	1,086	30.000%	5,967	57.50%
18	Cotton	63	6302600020	9.1%	TOILET LINEN AND KITCHEN LINEN, OF TERRY TOWELING OR SIMILAR TERRY FABRICS, OF COTTON: OTHER THAN DISHTOWELS	306,781	22.233%	1,186,019	66.16%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value – Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
19	Cotton	62	6201922051	9.4%	MEN S ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF COTTON: OTHER	8,125	3.150%	254,688	39.08%

ANNEX 2B: ADDITIONAL HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 2, IF SCENARIO 2 PREVAILS

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
1	Cotton	62	6207911000	8.4%	MEN S OR BOYS BATHROBES, DRESSING GOWNS AND SIMILAR ARTICLES, OF COTTON, NOT KNITTED OR CROCHETED	1,082	5.942%	33,109	61.70%
2	Cotton	62	6204423050	8.4%	WOMEN S DRESSES, OF COTTON, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT OF FLAX FIBERS, WITH LESS THAN TWO COLORS IN THE WARP AND/OR THE FILLING	786	0.160%	292,014	27.96%
3	Manmade fibers	63	6305320010	8.4%	SACKS AND BAGS, OF A KIND USED FOR THE PACKING OF GOODS, OF MAN-MADE TEXTILE MATERIALS: FLEXIBLE INTERMEDIATE BULK CONTAINERS, WEIGHING 1 KG OR MORE	33	0.017%	131,354	19.83%
4	Manmade fibers	63	6305390000	8.4%	SACKS AND BAGS, OF A KIND USED FOR THE PACKING OF GOODS: OF MAN-MADE TEXTILE MATERIALS: NESOI	1	0.005%	13,988	0.00%
5	Cotton	61	6111206020	8.1%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF COTTON: SETS	1,561	0.491%	303,234	64.52%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
6	Cotton	61	6111206070	8.1%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF COTTON, NOT IMPORTED AS PARTS OF SETS, NESOI	1,506	0.473%	297,640	33.14%
7	Cotton	62	6211420081	8.1%	WOMEN S OR GIRLS OTHER APPAREL, OF COTTON, NOT KNITTED	30,769	18.930%	141,665	51.72%
8	Cotton	62	6211420056	8.1%	WOMEN S OR GIRLS SHIRTS AND BLOUSES EXCLUDED FROM HEADING 6206, OF COTTON, LESS THAN 2 COLORS IN THE WARP, NOT KNITTED	5,702	3.635%	114,221	58.82%
9	Cotton	62	6207913010	6.1%	MEN S OR BOYS SINGLET, UNDERSHIRTS, SLEEPWEAR, OF COTTON, NOT KNITTED	2,622	3.518%	78,883	57.14%
10	Natural other than cotton	63	6307102030	5.3%	OTHER MADE UP ARTICLES, INCLUDING DRESS PATTERNS: OTHER FLOORCLOTHS, DISHCLOTHS, DUSTERS AND SIMILAR CLEANING CLOTHS	1,140	0.803%	114,183	40.08%

ANNEX 3A: DETAILED LIST OF THE HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 3, SCENARIO 1

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
1	Manmade fibers	61	6110303051	32.0%	MEN S OR BOYS PULLOVERS AND SIMILAR ARTICLES OF MAN-MADE FIBERS KNIT TO SHAPE, NESOI	161	0.578%	28,154	46.15%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
2	Manmade fibers	61	6110303035	32.0%	WOMEN S OR GIRLS VESTS, OTHER THAN SWEATER VESTS, OF MAN-MADE FIBERS, KNITTED OR CROCHETED, CONTAINING LESS THAN 30 PERCENT BY WEIGHT OF SILK	75	0.200%	34,851	20.00%
3	Manmade fibers	61	6110303030	32.0%	MEN S OR BOYS VESTS, OTHER THAN SWEATER VESTS, OF MAN-MADE FIBERS, KNITTED OR CROCHETED, CONTAINING LESS THAN 30 PERCENT BY WEIGHT OF SILK	27	0.078%	27,788	29.11%
4	Manmade fibers	61	6110303057	32.0%	WOMEN S OR GIRLS PULLOVERS AND SIMILAR ARTICLES OF MAN-MADE FIBERS KNIT TO SHAPE, NESOI	3	0.001%	230,479	49.12%
5	Natural other than cotton	61	6106202020	32.0%	WOMEN S OR GIRLS BLOUSES AND SHIRTS, KNITTED OR CROCHETED, OF OTHER TEXTILE MATERIALS, GREATER THAN OR EQUAL TO 70 PERCENT SILK OR SILK WASTE	-	0.000%	31,301	0.00%
6	Manmade fibers	61	6101302010	28.2%	MEN S OVERCOATS, CARCOATS, CAPES, CLOAKS, ANORAKS, WINDBREAKERS, AND SIMILAR ARTICLES, KNITTED OR CROCHETTED: LESS THAN 23 PERCENT OF WOOL OR F.A.H.	655	0.217%	274,235	82.69%
7	Manmade fibers	61	6102302010	28.2%	WOMEN S OVERCOATS, CARCOATS, CAPES, CLOAKS, ANORAKS, WINDBREAKERS, AND SIMILAR ARTICLES, KNITTED OR CROCHETTED: LESS THAN 23 PERCENT OF WOOL OR F.A.H.	564	0.220%	254,591	72.45%
8	Manmade fibers	61	6101302020	28.2%	BOYS OVERCOATS, CARCOATS, CAPES, CLOAKS, ANORAKS, WINDBREAKERS, AND SIMILAR ARTICLES, KNITTED OR CROCHETTED: LESS THAN 23 PERCENT OF WOOL OR F.A.H.	101	0.270%	37,024	92.59%
9	Manmade fibers	61	6102302020	28.2%	GIRLS OVERCOATS, CARCOATS, CAPES, CLOAKS, ANORAKS, WINDBREAKERS, AND SIMILAR ARTICLES, KNITTED OR CROCHETTED: LESS THAN 23 PERCENT OF WOOL OR F.A.H.	41	0.088%	52,729	57.58%
10	Manmade fibers	61	6104332000	28.2%	WOMEN S OR GIRLS SUIT-TYPE JACKETS AND BLAZERS, KNITTED OR CROCHETED, OF SYNTHETIC FIBERS, CONTAINING LESS THAN 23 PERCENT OF WOOL OR F.A.H.	5	0.015%	26,086	2551.02%
11	Manmade fibers	62	6201933511	27.7%	MEN S ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF MAN-MADE FIBERS: LESS THAN 36 PERCENT BY WEIGHT OF WOOL, NOT	282	0.243%	106,429	42.86%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
					WATER RESISTANT				
12	Manmade fibers	62	6201134030	27.7%	MEN S OVERCOATS, CARCOATS, CAPES, CLOAKS, AND SIMILAR COATS, NOT KNITTED, OF MAN-MADE FIBERS: LESS THAN 36 PERCENT OF WOOL OR F.A.H., OTHER	47	0.152%	25,573	47.02%
13	Manmade fibers	62	6202935011	27.7%	WOMEN S ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF MAN-MADE FIBERS, NOT WATER RESISTANT	41	0.027%	143,874	130.71%
14	Manmade fibers	62	6202134020	27.7%	WOMEN S OVERCOATS, CARCOATS, CAPES, CLOAKS AND SIMILAR COATS, NOT KNITTED, OF MAN-MADE FIBERS, OTHER	16	0.013%	94,497	29.96%
15	Manmade fibers	62	6203332010	27.3%	MEN S SUIT-TYPE JACKETS AND BLAZERS, NOT KNITTED, OF SYNTHETIC FIBERS, CONTAINING LESS THAN 36 PERCENT BY WEIGHT OF WOOL OR FINE ANIMAL HAIR	38	0.051%	63,363	106.34%
16	Manmade fibers	62	6203122010	27.3%	MEN S SUITS, NOT KNITTED, OF SYNTHETIC FIBERS, LESS THAN 36 PERCENT WOOL OR FINE ANIMAL HAIR	18	0.039%	53,390	87.50%
17	Manmade fibers	62	6204335010	27.3%	WOMEN S SUIT-TYPE JACKETS AND BLAZERS, OF SYNTHETIC FIBERS, NOT KNITTED, OTHER	13	0.005%	320,147	238.46%
18	Manmade fibers	62	6204393010	27.3%	WOMEN S SUIT-TYPE JACKETS AND BLAZERS, OF ARTIFICIAL FIBERS, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT OF WOOL OR FINE ANIMAL HAIR	11	0.023%	81,174	47.19%
19	Manmade fibers	62	6203122020	27.3%	BOYS SUITS, NOT KNITTED, OF SYNTHETIC FIBERS, LESS THAN 36 PERCENT WOOL OR FINE ANIMAL HAIR	1	0.006%	19,670	62.74%
20	Manmade fibers	62	6203332020	27.3%	BOYS SUIT-TYPE JACKETS AND BLAZERS, NOT KNITTED, OF SYNTHETIC FIBERS, CONTAINING LESS THAN 36 PERCENT BY WEIGHT OF WOOL OR FINE ANIMAL HAIR	-	0.000%	4,763	0.00%
21	Manmade fibers	62	6203392010	27.3%	MEN S SUIT-TYPE JACKETS AND BLAZERS, OF OTHER TEXTILE MATERIALS, OF ARTIFICIAL FIBERS, CONTAINING LESS THAN 36 PERCENT OF WOOL OR	-	0.000%	5,782	0.00%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
					FINE ANIMAL HAIR				
22	Manmade fibers	62	6203392020	27.3%	BOYS SUIT-TYPE JACKETS AND BLAZERS, OF OTHER TEXTILE MATERIALS, OF ARTIFICIAL FIBERS, CONTAINING LESS THAN 36 PERCENT OF WOOL OR FINE ANIMAL HAIR	-	0.000%	94	0.00%
23	Manmade fibers	62	6204335020	27.3%	GIRLS SUIT-TYPE JACKETS AND BLAZERS, OF SYNTHETIC FIBERS, NOT KNITTED, OTHER	-	0.000%	2,059	0.00%
24	Manmade fibers	62	6204393020	27.3%	GIRLS SUIT TYPE JACKETS AND BLAZERS, OF ARTIFICIAL FIBERS, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT OF WOOL OR FINE ANIMAL HAIR	-	0.000%	762	0.00%
25	Manmade fibers	62	6206403030	26.9%	ARTICLES OF APPAREL..NOT KNITTED/CROCHETED: WOMEN'S OR GIRLS' BLOUSES, SHIRTS... OF MAN-MADE FIBERS: OTHER WOMEN'S	513	0.085%	651,266	59.26%
26	Manmade fibers	62	6206403050	26.9%	ARTICLES OF APPAREL..NOT KNITTED/CROCHETED: WOMEN'S OR GIRLS' BLOUSES, SHIRTS... OF MAN-MADE FIBERS: OTHER GIRLS'	5	0.043%	13,627	177.78%
27	Manmade fibers	62	6204132010	25.9%	WOMEN S SUITS, NOT KNITTED, OF SYNTHETIC FIBERS: CONTAINING LESS THAN 36 PERCENT BY WEIGHT OF WOOL OR FINE ANIMAL HAIR	21	0.013%	230,045	50.27%
28	Cotton	61	6116927450	23.5%	GLOVES, MITTENS AND MITTS, KNITTED OR CROCHETED, OF COTTON: OF PRE-EXIST FABRIC, FOURCHETTES SIDEWALLS, JERSEY, BRUSHED OR NAPPED FABRIC	14	1.910%	870	91.40%
29	Cotton	61	6116101720	23.5%	GLOVES, MITTENS AND MITTS, KNITTED OR CROCHETED, PRE-EXISTING VEGETABLE FIBER FABRIC, NO FOURCHETTES, IMPREGNATED, SUBJECT TO COTTON RESTRAINTS	-	0.000%	3,046	0.00%
30	Cotton	61	6116927460	23.5%	GLOVES, MITTENS AND MITTS, KNITTED OR CROCHETED, OF COTTON: OF PRE-EXIST FABRIC, FOURCHETTES SIDEWALLS, LISLE, NO PILE, NOT BRUSHED/NAPPED	-	0.000%	353	0.00%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
31	Cotton	61	6116927470	23.5%	GLOVES, MITTENS AND MITTS, KNITTED OR CROCHETED, OF COTTON: OF PRE-EXIST FABRIC, FOURCHETTES SIDEWALLS, OTHER	-	0.000%	454	0.00%
32	Cotton	63	6302315040	20.9%	OTHER BED LINEN, NOT PRINTED, KNITTED, OR NAPPED, COTTON PILOWCOVERS, CONTAINING EMBROIDERY, LACE, BRAID, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	1	0.234%	1,018	57.95%
33	Cotton	63	6302215030	20.9%	OTHER BED LINEN: PRINTED, NOT KNIT, COTTON BOLSTER CASES, NOT NAPPED, CONTAINING EMBROIDERY, LACE, BRAID, EDGING, PIPING OR APPLIQUE WORK	-	0.000%	6	0.00%
34	Cotton	63	6302315030	20.9%	OTHER BED LINEN, NOT PRINTED, KNITTED, OR NAPPED, COTTON BOLSTER CASES, CONTAINING EMBROIDERY, LACE, BRAID, EDGING, TRIMMING, PIPING OR APPLIQUE WORK	-	0.000%	28	0.00%
35	Cotton	63	6302215040	20.9%	OTHER BED LINEN: PRINTED, NOT KNIT, COTTON PILLOWCOVERS, NOT NAPPED, CONTAINING EMBROIDERY, LACE, BRAIDNG, EDGING, PIPING OR APPLIQUE WORK	-	0.000%	86	0.00%
36	Cotton	61	6111201000	19.7%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF COTTON: BLOUSES AND SHIRTS, EXCEPT THOSE IMPORTED AS PARTS OF SETS	812	1.393%	51,683	82.14%
37	Man made fibres	61	6116938800	18.6%	GLOVES, MITTENS AND MITTS, KNITTED OR CROCHETED, OF SYNTHETIC FIBER: NO FOURCHETTES SIDEWALLS, CONTAINING LESS THAN 23 PERCENT WOOL OR F.A.H.	431	0.412%	103,287	46.15%
38	Cotton	42	4202923016	17.6%	TRAVEL, SPORTS & SIMILAR BAGS, OF COTTON	43	0.148%	26,110	42.67%
39	Cotton	42	4202228030	17.6%	HANDBAGS WITH OUTER SURFACE OF COTTON W/PILE OR TUFTED CONSTRUCTION, NOT BRAIDED	17	0.073%	37,488	23.11%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
40	Cotton	61	6110202030	16.5%	MEN S OR BOYS OTHER VESTS, OTHER THAN SWEATER VESTS, OF COTTON, KNITTED OR CROCHETED, CONTAINING LESS THAN 36 PERCENT BY WEIGHT OF FLAX FIBERS	68	0.187%	22,292	48.57%
41	Cotton	61	6110202035	16.5%	WOMEN S OR GIRLS OTHER VESTS, OTHER THAN SWEATER VESTS, OF COTTON, KNITTED OR CROCHETED, CONTAINING LESS THAN 36 PERCENT BY WEIGHT OF FLAX FIBERS	64	0.243%	21,705	50.85%
42	Manmade fibers	61	6108320010	16.0%	WOMEN S NIGHTDRESSES AND PAJAMAS, KNITTED OR CROCHETED, OF MAN-MADE FIBERS	255	0.128%	153,607	64.81%
43	Manmade fibers	61	6115210010	16.0%	PANTY HOSE AND TIGHTS, KNITTED OR CROCHETED, OF SYNTHETIC FIBERS, MEASURING LESS THAN 67 DECITEX PER SINGLE YARN: TIGHTS	184	0.288%	22,767	169.23%
44	Manmade fibers	61	6108320025	16.0%	GIRLS NIGHTDRESSES AND PAJAMAS, KNITTED OR CROCHETED, OF MAN-MADE FIBERS, OTHER THAN BLANKET SLEEPERS	39	0.032%	117,261	62.86%
45	Manmade fibers	61	6111305030	16.0%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF SYNTHETIC FIBERS: OTHER APPAREL, PARTS OF SETS	29	0.169%	20,507	87.50%
46	Manmade fibers	61	6111305070	16.0%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF SYNTHETIC FIBERS, NOT IMPORTED AS PARTS OF SETS, NESOI	24	0.029%	74,736	96.15%
47	Manmade fibers	61	6104432010	16.0%	WOMEN S DRESSES, KNITTED OR CROCHETED, OF SYNTHETIC FIBER, CONTAINING LESS THAN 23 PERCENT BY WEIGHT OF WOOL OR FINE ANIMAL HAIR	19	0.004%	240,732	34.72%
48	Manmade fibers	61	6108920040	16.0%	GIRLS BATHROBES, DRESSING GOWNS, NEGLIGEEES, AND SIMILAR ARTICLES, KNITTED OR CROCHETED, OF MAN-MADE FIBERS	13	0.050%	28,060	60.98%
49	Manmade fibers	61	6111305020	16.0%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF SYNTHETIC FIBERS: SETS	11	0.020%	59,450	119.35%
50	Manmade fibers	61	6108920030	16.0%	WOMEN S BATHROBES, DRESSING GOWNS, NEGLIGEEES, AND SIMILAR ARTICLES, KNITTED OR CROCHETED, OF MAN-MADE FIBERS	8	0.004%	201,821	70.91%

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51	Manmade fibers	61	6104532010	16.0%	WOMEN S SKIRTS AND DIVIDED SKIRTS, KNITTED OR CROCHETED, OF SYNTHETIC FIBERS, CONTAINING LESS THAN 23 PERCENT BY WEIGHT OF WOOL OR FINE ANIMAL HAIR	5	0.006%	92,069	114.71%
52	Manmade fibers	61	6111305015	16.0%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF SYNTHETIC FIBERS: BLANKET SLEEPERS	-	0.000%	30,746	0.00%
53	Manmade fibers	61	6115210020	16.0%	PANTY HOSE AND TIGHTS, KNITTED OR CROCHETED, OF SYNTHETIC FIBERS, MEASURING LESS THAN 67 DECITEX PER SINGLE YARN: OTHER THAN TIGHTS	-	0.000%	29,829	0.00%
54	Manmade fibers	61	6104432020	16.0%	GIRLS DRESSES, KNITTED OR CROCHETED, OF SYNTHETIC FIBER, CONTAINING LESS THAN 23 PERCENT BY WEIGHT OF WOOL OR FINE ANIMAL HAIR	-	0.000%	53,531	0.00%
55	Manmade fibers	61	6104532020	16.0%	GIRLS SKIRTS AND DIVIDED SKIRTS, KNITTED OR CROCHETED, OF SYNTHETIC FIBERS, CONTAINING LESS THAN 23 PERCENT BY WEIGHT OF WOOL OR FINE ANIMAL HAIR	-	0.000%	21,130	0.00%
56	Manmade fibers	61	6107220025	16.0%	BOYS NIGHTSHIRTS AND PAJAMAS, KNITTED OR CROCHETED, OF MAN-MADE FIBERS, OTHER THAN BLANKET SLEEPERS	-	0.000%	60,847	0.00%
57	Manmade fibers	61	6108320015	16.0%	GIRLS NIGHTDRESSES AND PAJAMAS, KNITTED OR CROCHETED, OF MAN-MADE FIBERS, BLANKET SLEEPERS	-	0.000%	17,769	0.00%
58	Manmade fibers	62	6204444010	16.0%	WOMEN S DRESSES, OF ARTIFICIAL FIBERS, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT BY WEIGHT OF WOOL OR FINE ANIMAL HAIR	165	0.130%	110,744	28.83%
59	Manmade fibers	62	6204533010	16.0%	WOMEN S SKIRTS AND DIVIDED SKIRTS, OF SYNTHETIC FIBERS, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT OF WOOL OR FINE ANIMAL HAIR	79	0.039%	276,426	84.42%
60	Manmade fibers	62	6211330054	16.0%	MEN S OR BOYS VESTS, OF MAN-MADE FIBERS, NOT KNITTED CONTAINING LT 36% BY WEIGHT OF WOOL OR FINE ANIMAL HAIR	64	0.155%	32,657	80.95%

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61	Manmade fibers	62	6211430076	16.0%	WOMEN S OR GIRLS VESTS OF MAN-MADE FIBERS, NOT KNITTED OR CROCHETED, CONTAINING LESS THAN 36 PERCENT BY WEIGHT OF WOOL OR FINE ANIMAL HAIR	52	0.078%	46,466	51.43%
62	Manmade fibers	62	6209303040	16.0%	BABIES GARMENTS AND CLOTHING ACCESSORIES: OTHER APPAREL, OF SYNTHETIC FIBERS, NOT KNITTED, NOT IMPORTED AS PARTS OF SETS	52	0.094%	50,054	72.09%
63	Manmade fibers	62	6211430078	16.0%	WOMEN S OR GIRLS OTHER JACKETS AND JACKET-TYPE GARMENTS EXCLUDED FROM HEADING 6202., OF MAN-MADE FIBERS, NOT KNITTED	38	0.068%	52,446	99.21%
64	Manmade fibers	62	6209303020	16.0%	BABIES GARMENTS AND CLOTHING ACCESSORIES: SETS, OF SYNTHETIC FIBERS, NOT KNITTED	34	0.181%	21,806	72.73%
65	Manmade fibers	62	6204593010	16.0%	WOMEN S SKIRTS AND DIVIDED SKIRTS, OF ARTIFICIAL FIBERS, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT OF WOOL OR FINE ANIMAL HAIR	28	0.062%	84,423	27.73%
66	Manmade fibers	62	6204533020	16.0%	GIRLS SKIRTS AND DIVIDED SKIRTS, OF SYNTHETIC FIBERS, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT OF WOOL OR FINE ANIMAL HAIR	3	0.014%	31,479	332.56%
67	Manmade fibers	62	6204434040	16.0%	GIRLS DRESSES, OF SYNTHETIC FIBERS, NOT KNITTED, WITH LESS THAN TWO COLORS IN THE WARP	-	0.000%	74,918	0.00%
68	Cotton	62	6206303061	15.4%	ARTICLES OF APPAREL..NOT KNITTED/CROCHETED: WOMEN'S OR GIRLS' BLOUSES, SHIRTS... OF COTTON: OTHER GIRLS' OTHER	109	0.227%	30,068	35.14%
69	Cotton	61	6104320000	14.9%	WOMEN S OR GIRLS SUIT-TYPE JACKETS AND BLAZERS, KNITTED OR CROCHETED, OF COTTON	98	0.266%	28,358	82.43%
70	Cotton	61	6111205000	14.9%	BABIES GARMENTS AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED, OF COTTON: TROUSERS, BREECHES, AND SHORTS, NOT IMPORTED AS PARTS OF SETS	91	0.086%	92,369	85.00%

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71	Cotton	62	6209203000	14.9%	BABIES GARMENTS AND CLOTHING ACCESSORIES: TROUSERS, BREECHES, AND SHORTS, OF COTTON, NOT IMPORTED AS PARTS OF SETS	281	0.147%	180,456	88.89%
72	Cotton	62	6209202000	14.9%	BABIES GARMENTS AND CLOTHING ACCESSORIES: BLOUSES AND SHIRTS, OF COTTON, NOT IMPORTED AS PARTS OF SETS, NOT KNITTED	8	0.030%	29,204	47.22%
73	Manmade fibers	61	6114303070	14.9%	WOMEN S OR GIRLS OTHER GARMENTS, KNITTED OR CROCHETED, OF MAN-MADE FIBERS: OTHER APPAREL	305	0.668%	44,313	135.42%
74	Manmade fibers	61	6114303054	14.9%	WOMEN S OR GIRLS COVERALLS, JUMPSUITS, AND SIMILAR APPARAL, KNITTED OR CROCHETED, OF MAN-MADE FIBERS: CONTAINING LESS THAN 23 PERCENT OF WOOL OR FAH.	-	0.000%	19,641	0.00%
75	Manmade fibers	62	6201932020	14.9%	MEN S OR BOYS ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF MAN-MADE FIBERS: PADDED, SLEEVELESS JACKETS, NO ATTACHMENTS FOR SLEEVES	50	0.275%	15,218	104.63%
76	Manmade fibers	62	6202932020	14.9%	WOMEN S OR GIRLS ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF MAN-MADE FIBERS, PADDED SLEEVELESS JACKETS, NO ATTACHMENTS FOR SLEEVES	-	0.000%	34,331	0.00%
77	Manmade fibers	62	6217109530	14.6%	OTHER MADE UP CLOTHING: ACCESSORIES, OF MAN-MADE FIBERS	351	0.570%	56,131	344.11%
78	Cotton	62	6213201000	13.2%	HANDKERCHIEFS, NOT KNITTED, OF COTTON, HEMMED, NOT CONTAINING LACE OR EMBROIDERY	45	0.233%	16,987	70.81%
79	Cotton	62	6209201000	11.8%	BABIES GARMENTS AND CLOTHING ACCESSORIES: DRESSES, OF COTTON, NOT KNITTED	-	0.000%	49,319	0.00%
80	Manmade fibers	63	6303922030	11.3%	WINDOW SHADES AND WINDOW BLINDS OF SYNTHETIC FIBERS, NOT KNITTED OR CROCHETED	1	0.001%	48,583	385.00%

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81	Manmade fibers	61	6117102030	11.3%	OTHER MADE UP CLOTHING ACCESSORIES, KNITTED OR CROCHETED, PARTS OF GARMENTS: SCARVES, SHAWLS, MUFFLERS, ETC., LESS THAN 23 PERCENT OF WOOL OR F.A.H.	4	0.004%	112,144	200.00%
82	Natural other than cotton	63	6303990030	11.3%	CURTAINS, INCLUDING DRAPES, AND INTERIOR BLINDS; CURTAIN OR BED VALANCES, NOT KNITTED OR CROCHETED, CONTAINING 85 PERCENT OR MORE BY WEIGHT OF SILK	127	0.357%	42,667	229.17%
83	Natural other than cotton	63	6303990060	11.3%	CURTAINS, INCLUDING DRAPES, AND INTERIOR BLINDS; CURTAIN OR BED VALANCES, NOT KNITTED OR CROCHETED, CONTAINING LESS THAN 85 PERCENT OF SILK	78	0.236%	37,688	238.46%
84	Cotton	61	6114200060	10.8%	WOMEN S OR GIRLS OTHER GARMENTS, KNITTED OR CROCHETED, OF COTTON: OTHER APPAREL	59	0.202%	29,240	171.88%
85	Manmade fibers	62	6216005820	10.4%	GLOVES, MITTENS AND MITTS: OF MAN-MADE FIBERS: FOURCHETTES, SIDEWALLS, LESS THAN 36 PERCENT OF WOOL OR FINE ANIMAL HAIR	10,034	14.614%	60,739	75.61%
86	Cotton	62	6203422005	10.3%	MEN S OR BOYS BIB AND BRACE OVERALLS, NOT KNITTED, OF COTTON, INSULATED FOR COLD WEATHER PROTECTION	-	0.000%	21,499	0.00%
87	Cotton	61	6116928800	9.4%	GLOVES, MITTENS AND MITTS, KNITTED OR CROCHETED, OF COTTON: NOT MADE FROM PRE-EXISTING MACHINE KNIT FABRIC, WITHOUT FOURCHETTES	1,233	3.259%	40,379	178.72%
88	Cotton	62	6203322040	9.4%	MEN S SUIT-TYPE JACKETS AND BLAZERS, NOT KNITTED, OF COTTON, LESS THAN 36 PERCENT BY WEIGHT OF FLAX FIBERS, OTHER	272	0.279%	87,597	19.27%

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89	Cotton	62	6204322030	9.4%	WOMEN S SUIT-TYPE JACKETS AND BLAZERS, OF COTTON, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT OF FLAX FIBERS, OTHER	240	0.068%	390,313	35.22%
90	Cotton	62	6201922061	9.4%	BOYS ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF COTTON: OTHER	89	0.470%	21,512	71.68%
91	Cotton	62	6204322010	9.4%	WOMEN S SUIT-TYPE JACKETS AND BLAZERS, OF COTTON, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT OF FLAX FIBERS, CORDUROY	-	0.000%	31,965	0.00%
92	Cotton	62	6209205045	9.3%	BABIES GARMENTS AND CLOTHING ACCESSORIES: OTHER APPAREL, OF COTTON, NOT KNITTED, IMPORTED AS PARTS OF SETS	404	0.519%	87,623	70.00%
93	Cotton	62	6209205050	9.3%	BABIES GARMENTS AND CLOTHING ACCESSORIES: OTHER APPAREL, OF COTTON, NOT KNITTED, NOT IMPORTED AS PARTS OF SETS	256	0.385%	83,652	22.75%
94	Cotton	62	6209205035	9.3%	BABIES GARMENTS AND CLOTHING ACCESSORIES: SETS, OF COTTON, NOT KNITTED	116	0.345%	45,102	78.79%

ANNEX 3B: ADDITIONAL HST-10 DIGIT PRODUCT LINES IN THE OPPORTUNITY CATEGORY 2, IF SCENARIO 2 PREVAILS

Product					USA's Imports from Pakistan		USA's Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
1	Cotton	61	6107210020	8.9%	BOYS NIGHTSHIRTS AND PAJAMAS, KNITTED OR CROCHETED, OF COTTON	347	0.615%	59,582	73.33%
2	Cotton	62	6202922061	8.9%	WOMEN S ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF COTTON: OTHER	557	0.213%	288,253	77.88%
3	Cotton	62	6202122050	8.9%	WOMEN S OVERCOATS, CARCOATS, CAPES, CLOAKS AND SIMILAR COATS, NOT KNITTED, OF COTTON: OTHER	64	0.047%	108,085	31.55%
4	Cotton	62	6202922071	8.9%	GIRLS ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF COTTON: OTHER	17	0.076%	31,094	77.03%
5	Cotton	62	6204622010	8.9%	WOMEN S BIB AND BRACE OVERALLS, OF COTTON, NOT KNITTED, NOT INSULATED	6	0.098%	14,015	158.89%
6	Cotton	62	6202122010	8.9%	WOMEN S OVERCOATS, CARCOATS, CAPES, CLOAKS AND SIMILAR COATS, NOT KNITTED, OF COTTON: RAINCOATS	1	0.004%	20,167	316.46%
7	Cotton	62	6202922026	8.9%	WOMEN S ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF COTTON: CORDUROY	-	0.000%	24,903	0.00%
8	Manmade fibers	63	6306120000	8.8%	TARPAULINS, AWNINGS, AND SUNBLINDS, OF SYNTHETIC FIBERS	36	0.098%	25,687	48.78%
9	Manmade fibers	63	6306229030	8.8%	TENTS, OF SYNTHETIC FIBERS, OTHER THAN BACKPACKING TENTS, OTHER THAN SCREEN HOUSES	15	0.004%	304,978	0.00%
10	Manmade fibers	63	6306229010	8.8%	TENTS, OF SYNTHETIC FIBERS, OTHER THAN BACKPACKING TENTS, SCREEN HOUSES	-	0.000%	52,601	0.00%
11	Cotton	62	6204423060	8.4%	GIRLS DRESSES, OF COTTON, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT OF FLAX FIBERS, WITH LESS THAN TWO COLORS IN THE WARP AND/OR THE FILLING	675	0.579%	86,341	76.36%

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12	Cotton	62	6204423030	8.4%	WOMEN S DRESSES, OF COTTON, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT OF FLAX FIBERS, WITH TWO OR MORE COLORS IN THE WARP AND/OR THE FILLING	597	1.494%	29,882	57.43%
13	Cotton	62	6204423040	8.4%	GIRLS DRESSES, OF COTTON, NOT KNITTED, CONTAINING LESS THAN 36 PERCENT OF FLAX FIBERS, WITH TWO OR MORE COLORS IN THE WARP AND/OR THE FILLING	58	0.172%	26,667	79.25%
14	Cotton	61	6104520010	8.3%	WOMEN S SKIRTS AND DIVIDED SKIRTS, KNITTED OR CROCHETED, OF COTTON	224	0.562%	49,975	59.26%
15	Cotton	61	6104520020	8.3%	GIRLS SKIRTS AND DIVIDED SKIRTS, KNITTED OR CROCHETED, OF COTTON	102	0.189%	67,808	92.86%
16	Cotton	62	6204522030	8.2%	WOMEN S SKIRTS AND DIVIDED SKIRTS, OF COTTON, NOT KNITTED, BLUE DENIM	591	1.049%	102,707	76.47%
17	Cotton	62	6204522080	8.2%	GIRLS SKIRTS AND DIVIDED SKIRTS, OF COTTON, NOT KNITTED, OTHER	252	0.325%	121,729	71.74%
18	Cotton	62	6204522040	8.2%	GIRLS SKIRTS AND DIVIDED SKIRTS, OF COTTON, NOT KNITTED, BLUE DENIM	131	0.491%	47,705	62.75%
19	Cotton	62	6211320010	8.1%	MEN S COVERALLS, JUMPSUITS, AND SIMILAR APPAREL, OF COTTON, NOT KNITTED	263	0.452%	51,924	78.71%
20	Cotton	62	6211420075	8.1%	WOMEN S OR GIRLS OTHER JACKETS AND JACKET-TYPE GARMENTS EXCLUDED FROM HEADING 6202., OF COTTON, NOT KNITTED	218	0.559%	21,158	42.11%
21	Cotton	62	6211420070	8.1%	WOMEN S OR GIRLS VESTS, OF COTTON, NOT KNITTED	91	0.234%	25,824	62.12%
22	Cotton	62	6211420060	8.1%	WOMEN S OR GIRLS JUMPERS, OF COTTON, NOT KNITTED	82	0.444%	26,825	139.22%
23	Manmade fibers	61	6104591030	8.0%	WOMEN S SKIRTS AND DIVIDED SKIRTS, KNITTED OR CROCHETED, OF ARTIFICIAL FIBERS, CONTAINING LESS THAN 23 PERCENT OF WOOL OR	-	0.000%	30,216	0.00%

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					FINE ANIMAL HAIR				
24	Natural other than cotton	57	5702311000	8.0%	CARPETS AND OTHER TEXTILE FLOOR COVERINGS, NOT TUFTED OR FLOCKED, HAND WOVEN CARPETS, PILE CONSTRUCTION, OF WOOL, WILTON AND VELVET, NOT MADE UP	-	0.000%	19,690	0.00%
25	cotton	65	6505901540	7.9%	HATS AND OTHER HEADGEAR, KNITTED OTHER HEADWEAR, OTHER THAN FOR BABIES, OF COTTON	237	0.752%	31,993	47.89%
26	Manmade fibers	58	5807100520	7.9%	LABELS, IN THE PIECE, IN STRIPS OR CUT TO SHAPE ORSIZE, NOT EMBROIDERED, WOVEN, OF MAN-MADE FIBERS.	12	0.052%	24,113	132.35%
27	cotton	65	6505902060	7.5%	HATS AND OTHER HEADGEAR, NOT KNITTED HEADWEAR, OTHER THAN FOR BABIES, CERTIFIED HANDLOOMED; AND HEADWEAR, OF COTTON	30	0.007%	449,403	0.00%
28	other	65	6505902590	7.5%	HATS AND OTHER HEADGEAR, NOT KNITTED, OTHER HEADWEAR, OTHER THAN CERTIFIED HAND-LOOMED; NOT HEADWEAR OF COTTON, OF VEGETABLE FIBERS	36	0.053%	58,347	111.11%
29	other	65	6505902545	7.5%	HATS AND OTHER HEADGEAR, NOT KNITTED VISORS AND OTHER HEADGEAR, OTHER THAN CERTIFIED HAND-LOOMED; NOT OF COTTON, OF VEGETABLE FIBERS	2	0.012%	22,167	307.69%
30	cotton	94	9404909505	7.3%	OTHER ARTICLES OF BEDDING WITH OUTER SHELLS OF COTTON	429	0.791%	59,115	25.06%
31	Manmade fibers	62	6215100025	7.2%	TIES, BOW TIES AND CRAVATS, OF SILK OR SILK WASTE, NOT KNITTED, GREATER THAN OR EQUAL TO 50 PERCENT OF TEXTILE MATERIALS (INCLUDING LININGS)	-	0.000%	24,870	0.00%
32	Natural other than cotton	62	6215100040	7.2%	TIES, BOW TIES AND CRAVATS, OF SILK OR SILK WASTE, NOT KNITTED, WITH OUTER SHELL CONTAINING 70 PERCENT OR MORE BY WEIGHT OF SILK OR SILK WASTE	-	0.000%	179,149	0.00%

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33	Natural other than cotton	62	6215100090	7.2%	TIES, BOW TIES AND CRAVATS, OF SILK OR SILK WASTE, NOT KNITTED, CONTAINING LESS THAN 70 PERCENT OF SILK OR SILK WASTE	-	0.000%	28,398	0.00%
34	Manmade fibers	61	6113009025	7.1%	MEN S OR BOYS COATS AND JACKETS, KNITTED OR CROCHETED, OF FABRIC OTHER THAN COTTON	28	0.078%	37,106	40.31%
35	Manmade fibers	61	6113009025	7.1%	MEN S OR BOYS COATS AND JACKETS, KNITTED OR CROCHETED, OF FABRIC OTHER THAN COTTON	28	0.078%	37,106	40.31%
36	Manmade fibers	61	6113009065	7.1%	MEN S OR BOYS OVERALLS AND COVERALLS, KNITTED OR CROCHETED, OF A FABRIC OTHER THAN COTTON	-	0.000%	32,975	0.00%
37	Manmade fibers	62	6210405020	7.1%	MEN S OR BOYS NOT KNIT MAN-MADE FIBER ANORAKS, COATS, JACKETS, ETC, IMPREGNATED FABRIC	274	0.119%	203,755	76.13%
38	Manmade fibers	62	6210505020	7.1%	WOMEN S OR GIRLS NOT KNIT MAN-MADE FIBER ANORAKS, COATS, JACKETS, ETC, IMPREGNATED FABRIC	166	0.112%	121,650	58.72%
39	Manmade fibers	62	6210405050	7.1%	MEN S OR BOYS NOT KNIT MAN-MADE FIBER OTHER APPAREL, IMPREGNATED FABRIC	21	0.065%	22,693	129.03%
40	Manmade fibers	62	6210405020	7.1%	MEN S OR BOYS NOT KNIT MAN-MADE FIBER ANORAKS, COATS, JACKETS, ETC, IMPREGNATED FABRIC	274	0.119%	203,755	76.13%
41	Manmade fibers	62	6210505020	7.1%	WOMEN S OR GIRLS NOT KNIT MAN-MADE FIBER ANORAKS, COATS, JACKETS, ETC, IMPREGNATED FABRIC	166	0.112%	121,650	58.72%
42	Manmade fibers	62	6210405050	7.1%	MEN S OR BOYS NOT KNIT MAN-MADE FIBER OTHER APPAREL, IMPREGNATED FABRIC	21	0.065%	22,693	129.03%
43	Cotton	63	6307908945	7.0%	COTTON PILLOW SHELLS	451	0.465%	94,524	111.14%
44	man made	65	6505906090	7.0%	HATS AND OTHER HEADGEAR, KNITTED OR CROCHETED, OR LIKE FABRIC, OTHER HEADWEAR NOT FOR BABIES, NOT BRAID, OF MAN-MADE FIBERS, LESS THAN 23 PERCENT WOOL	48	0.024%	179,561	0.00%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
45	Natural other than cotton	61	6116106500	7.0%	OTHER GLOVES, KNITTED OR CROCHETED, CONTAINING LESS THAN 50 PERCENT MFA FIBERS, NO FOURCHETTES, IMPREGNATED	15,009	10.627%	107,627	140.00%
46	Natural other than cotton	62	6206100040	6.9%	WOMEN S OR GIRLS BLOUSES, SHIRTS, AND SHIRT BLOUSES, OF SILK OR SILK WASTE, NOT KNITTED, GREATER THAN OR EQUAL TO 70 PERCENT SILK OR SILK WASTE	8	0.003%	295,663	73.25%
47	Natural other than cotton	62	6204495060	6.9%	WOMEN S OR GIRLS DRESSES, OF OTHER TEXTILE MATERIALS, NOT KNITTED, OF OTHER NON-COTTON VEGETABLE TEXTILE FIBERS	-	0.000%	61,971	0.00%
48	Manmade fibers	65	6505908090	6.8%	HATS AND OTHER HEADGEAR, NOT KNITTED, OTHER HEADWEAR, OTHER THAN FOR BABIES, NOT BRAIDED, EXCEPT DISPOSABLE HEADWEAR, OF MAN-MADE FIBERS	48	0.023%	200,817	0.00%
49	Manmade fibers	62	6212900030	6.6%	SUSPENDERS, GARTERS, AND SIMILAR ARTICLES, OF MAN-MADE FIBERS OR MAN-MADE FIBERS AND RUBBER OR PLASTICS, WHETHER OR NOT KNITTED OR CROCHETED	524	0.640%	60,159	276.19%
50	Manmade fibers	62	6212900030	6.6%	SUSPENDERS, GARTERS, AND SIMILAR ARTICLES, OF MAN-MADE FIBERS OR MAN-MADE FIBERS AND RUBBER OR PLASTICS, WHETHER OR NOT KNITTED OR CROCHETED	524	0.640%	60,159	276.19%
51	Natural other than cotton	62	6204594040	6.6%	WOMEN S OR GIRLS SKIRTS AND DIVIDED SKIRTS, OF OTHER TEXTILE MATERIALS, NOT KNITTED, GREATER THAN OR EQUAL TO 70 PERCENT SILK OR SILK WASTE	1	0.002%	130,106	59.01%
52	Natural other than cotton	62	6204594060	6.6%	WOMEN S OR GIRLS SKIRTS AND DIVIDED SKIRTS, OF OTHER TEXTILE MATERIALS, NOT KNITTED, OF OTHER NON-COTTON VEGETABLE FIBERS	-	0.000%	140,954	0.00%
53	Natural other than cotton	62	6203399060	6.5%	MEN S OR BOYS SUIT-TYPE JACKETS AND BLAZERS, OF OTHER TEXTILE MATERIALS, OF OTHER NON-COTTON VEGETABLE FIBERS	-	0.000%	34,128	0.00%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
54	Cotton	42	4202124000	6.3%	TRUNKS,SUITCASES,BRIEF CASES,VANITY CASES,ATTACHE CASES,ETC,WITH OUTER SURF OF TEXTILE,VEG FIBERS,NOT OF PILE OR TUFTED CONSTRUCTION,OF COTTON	101	0.258%	31,275	13.00%
55	Cotton	42	4202224500	6.3%	HANDBAGS,OUTER SURFACE TEXTILE MATERIAL,EXCEPT BRAID,VEGETABLE FIBR,NOT PILE OR TUFTED CONSTRUCTION, OF COTTON	73	0.018%	336,722	27.35%
56	Cotton	42	4202324000	6.3%	ARTICLES FOR POCKET OR HANDBAG, OF VEGETABLE FIBERS AND NOT OF PILE OR TUFTED CONSTRUCTION, OF COTTON	3	0.005%	43,315	71.79%
57	Cotton	56	5601102000	6.3%	WADDING OF TEXTILE MATERIALS; TEXTILE FIBERS NOT EXCEEDING 5MM IN LENGTH, SANITARY TAMPONS, DIAPERS AND SIMILAR SANITARY ARTICLES: OTHER THAN COTTON	216	0.950%	29,087	41.70%
58	Cotton	63	6302514000	6.3%	TABLE LINEN NESOI: TABLECLOTHS AND NAPKINS OF COTTON	823	1.058%	82,341	68.85%
59	manmade fibres	56	5601220090	6.3%	WADDING OF TEXTILE MATERIALS; TEXTILE FIBERS NOT EXCEEDING 5MM IN LENGTH; WADDING, OTHER ARTICLES OF WADDING, NOT IN THE PIECE, OF MAN-MADE FIBERS	-	0.000%	22,169	0.00%
60	Natural other than cotton	62	6204398060	6.3%	WOMEN S OR GIRLS SUIT-TYPE JACKETS AND BLAZERS, OF OTHER TEXTILE MATERIALS, NOT KNITTED, OTHER FIBERS	-	0.000%	97,304	0.00%
61	Cotton	62	6201921500	6.2%	MEN S OR BOYS ANORAKS, WIND-BREAKERS AND SIMILAR ARTICLES, NOT KNITTED, OF COTTON: WATER RESISTANT, NOT DOWN FILLED	-	0.000%	20,974	0.00%
62	Cotton	63	6302511000	6.1%	TABLE LINEN: NOT KNIT DAMASK COTTON TABLECLOTHS AND NAPKINS	8	0.030%	28,109	16.10%
63	man made	57	5703308030	6.0%	CARPETS AND OTH TEXT FLOOR COVERINGS, TUFTED, WHETHER OR NOT MADE UP: OF OTH MAN-MADE FIBERS, MEASURING NOT MORE THAN 5.25 M2 IN AREA: NOT HAND-HOOKED	2	0.003%	35,856	1169.06%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
64	manmade fibres	57	5703308080	6.0%	CARPETS AND OTHER TEXTILE FLOOR COVERINGS, TUFTED, WHETHER OR NOT MADE UP: OF OTHER MAN-MADE FIBERS, GREATER THAN 5.25 M2 IN AREA: NOT HAND-HOOKED	-	0.000%	33,148	0.00%
65	Natural other than cotton	57	5703108000	6.0%	CARPETS AND OTHER TEXTILE FLOOR COVERINGS, TUFTED, WHETHER OR NOT MADE UP: OF WOOL OR FINE ANIMAL HAIR, OTHER THAN HAND-HOOKED	25	0.060%	25,897	160.00%
66	Natural other than cotton	61	6110909088	6.0%	MEN S OR BOYS PULLOVERS, SWEATSHIRTS, AND SIMILAR ARTICLES OF OTHER TEXTILE FIBERS, KNITTED OR CRO CHETED, NESOI	-	0.000%	18,378	0.00%
67	Natural other than cotton	61	6110909090	6.0%	WOMEN S OR GIRLS PULLOVERS, SWEATSHIRTS, AND SIMILAR ARTICLES, OF OTHER TEXTILE FIBERS, KNITTED OR CROCHETED, NESOI	-	0.000%	265,655	0.00%
68	Natural other than cotton	61	6110909042	6.0%	WOMEN S OR GIRLS SWEATERS, OF OTHER TEXTILE FIBERS, KNITTED OR CROCHETED	-	0.000%	170,217	0.00%
69	Natural other than cotton	61	6110909038	6.0%	WOMEN S OR GIRLS SWEATERS OF SILK, KNITTED OR CROCHETED	-	0.000%	20,112	0.00%
70	Cotton	63	6304910020	5.8%	OTHER FURNISHING ARTICLES, EXCLUDING THOSE OF HEADING 9404: KNITTED OR CROCHETED, OF COTTON	504	2.051%	18,669	49.30%
71	Manmade fibers	62	6214400000	5.3%	SHAWLS, SCARVES, MUFFLERS, MANTILLAS, VEILS AND THE LIKE, OF ARTIFICIAL FIBERS, NOT KNITTED OR CROCHETED	84	0.136%	31,182	72.41%
72	Manmade fibers	62	6214300000	5.3%	SHAWLS, SCARVES, MUFFLERS, MANTILLAS, VEILS AND THE LIKE, OF SYNTHETIC FIBERS, NOT KNITTED OR CROCHETED	42	0.065%	56,095	61.11%
73	Manmade fibers	62	6214400000	5.3%	SHAWLS, SCARVES, MUFFLERS, MANTILLAS, VEILS AND THE LIKE, OF ARTIFICIAL FIBERS, NOT KNITTED OR CROCHETED	84	0.136%	31,182	72.41%

Product					USA s Imports from Pakistan		USA s Imports from World	USA Import Unit Value - Pakistan	
S #	Raw Material	Chapter	10 digit	Average US Import Tariff (%)	Product label	2008 (US\$ 000)	Pakistan Share in USA Imports, 2008, %	Avg. Imports (2004 to 08) (US\$ 000)	Unit Value as % of Avg Total Unit Value of imports BY USA
74	Manmade fibers	62	6214300000	5.3%	SHAWLS, SCARVES, MUFFLERS, MANTILLAS, VEILS AND THE LIKE, OF SYNTHETIC FIBERS, NOT KNITTED OR CROCHETED	42	0.065%	56,095	61.11%

ANNEX 4: TOP 100 U.S. IMPORTS FROM PAKISTAN FOR 2008 - HTS 10-DIGIT TEXTILE AND APPAREL ITEMS FOR WHICH TARIFFS WOULD NOT BE REMOVED UNDER H.R. 1318 AND S. 496

HTS Number	Import Item	Import Value(\$)	Tariff Rate (%)	Tariff Value (\$)
6105.10.0010	men's and boys' cotton knit shirts	160,063,941	19.7	31,532,596
6115.95.9000	men's or boys' cotton socks	138,314,129	13.5	18,672,407
6110.20.2069	men's and boys' cotton pullovers	126,336,652	16.5	20,845,548
6203.42.4011	men's cotton denim trousers	81,319,021	16.6	13,498,957
6203.42.4016	men's cotton trousers	63,583,300	16.6	10,554,828
6109.10.0012	men's cotton T-shirts	61,609,842	16	9,857,575
6110.20.2040	men's or boys' cotton sweatshirts	57,807,632	16.5	9,538,259
6203.42.4051	men's cotton shorts	44,091,210	16.6	7,319,141
6110.20.2079	women's or girls' cotton pullovers	43,134,800	16.5	7,117,242
6204.62.4011	women's cotton denim trousers	42,258,151	16.6	7,014,853
6204.62.4021	women's cotton trousers	41,735,256	16.6	6,928,052
6105.10.0030	boys' cotton knit shirts	39,411,438	19.7	7,764,053
6109.10.0040	women's cotton T-shirts	28,749,419	16.5	4,743,654
4203.10.4030	men's and boys' leather coats	26,787,712	6	1,607,263
6109.10.0004	men's and boy's cotton T-shirts	18,102,729	16.5	2,986,950
6108.21.0010	women's cotton knit briefs	15,223,824	7.6	1,157,011
6109.10.0027	men's and boy's cotton T-shirts and tank tops	15,051,150	16.5	2,483,440
6104.62.2011	women's cotton knit trousers	14,896,280	14.9	2,219,546
6106.10.0010	women's cotton knit blouses/shirts	14,262,765	19.7	2,809,765
4203.29.3010	leather gloves/mittens	14,224,016	14	1,991,362
6107.11.0010	men's cotton briefs	14,144,932	7.4	1,046,725
6307.90.9889	other made-up articles	13,767,123	7	963,699
6203.42.4036	boys' cotton denim trousers	13,532,282	16.6	2,246,359
4203.10.4085	men's or boys' leather apparel	12,336,609	6	740,197
6103.42.1020	men's cotton knit trousers	11,205,790	7.4	829,228
6104.62.2030	women's cotton knit shorts	9,524,545	14.9	1,419,157
6101.20.0020	men's or boys' cotton knit coats	9,510,582	15.9	1,512,183
6109.10.0070	women's or girls' cotton T-shirts	9,399,499	16.5	1,550,917
6110.20.2045	women's or girls other cotton knit sweatshirts	9,193,869	16.5	1,516,988
4203.21.8060	leather sports gloves	8,687,198	4.9	425,673
6109.10.0060	women's cotton knit tank tops	8,670,739	16.5	1,430,672

HTS Number	Import Item	Import Value(\$)	Tariff Rate (%)	Tariff Value (\$)
6109.10.0011	men's or boy's thermal cotton undershirts	8,556,230	16.5	1,411,778
6204.62.4056	women's cotton shorts	8,399,297	16.6	1,394,283
6203.42.4061	boys' cotton shorts	8,390,445	16.6	1,392,814
6203.42.4046	boys' cotton trousers	8,252,214	16.6	1,369,868
6109.10.0014	boys' cotton T-shirts	8,067,115	16.5	1,331,074
6109.10.0045	girls' cotton T-shirts	7,400,712	16.5	1,221,117
6204.62.4041	girls' blue denim cotton trousers	7,170,915	16.6	1,190,372
9603.90.8050	brooms, brushes, squeegees unidentifiable by fiber of material	6,382,722	2.8	178,716
5210.11.6020	unbleached poplin (less than 85% cotton)	6,158,638	10.2	628,181
5205.32.0000	uncombed yarns (at least 85% cotton)	6,120,506	7.3	446,797
4203.10.4060	women's leather coats	5,980,288	6	358,817
6205.20.2066	men's cotton shirts	5,979,519	19.7	1,177,965
5205.12.1000	single cotton yarns	5,852,876	5.2	304,350
5208.52.3045	cotton woven fabrics	5,791,305	6	347,478
	Total/Weighted Average Tariff Rate:	1,265,439,217	15.6	197,077,911

Source: USITC Dataweb. Data analysis performed by CRS.

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THE RECONSTRUCTION OPPORTUNITY ZONES (ROZ) PROGRAM

An Opportunity Analysis

May 2010

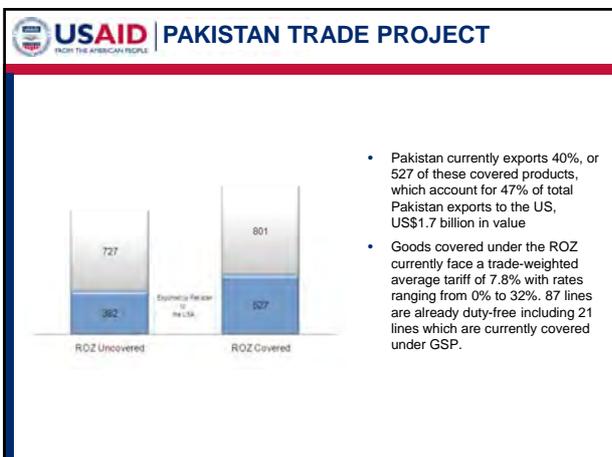
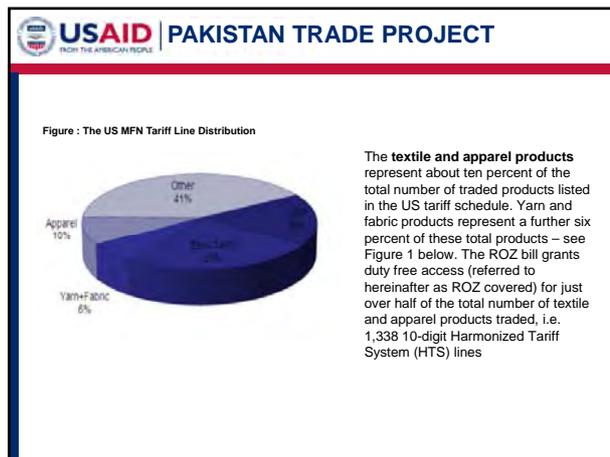
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CONTENTS

1. Initial Analysis of the ROZ Covered Products
2. Criteria Used for Detailed Opportunity Analysis
3. Analysis Outcome
4. Conclusion

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INITIAL ANALYSIS OF THE ROZ COVERED PRODUCTS



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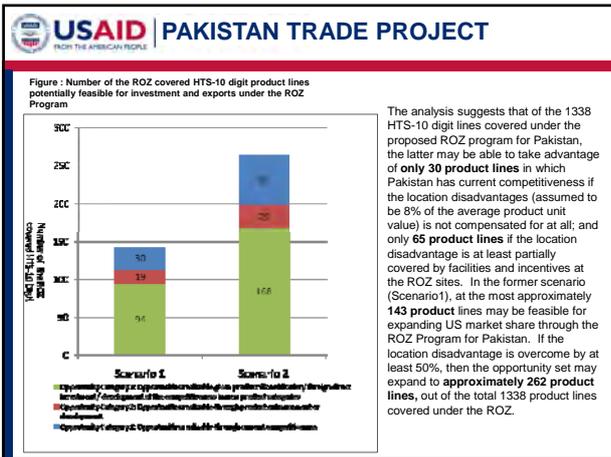
CRITERIA USED FOR DETAILED OPPORTUNITY ANALYSIS

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Opportunity Categories	Criteria
1. Opportunities realizable through current competitiveness	a. Average applicable product tariff is 9% or more for Scenario 1 and 5% or more for Scenario 2 b. Average (2004-2008) total annual US imports of the product or group of similar products from the world is greater than USD 20 million c. Pakistan's annual exports of the product to the USA have been close to USD 1 million or more in the recent year (2008) d. Price competition exists. The average unit value of the product imported by the USA from Pakistan is close to the unit value of the same product category imported by at least one of the top five (5) exporters (countries) of the same product to the USA
2. Opportunities realizable through product enhancement or development	a. Average applicable product tariff is 9% or more for Scenario 1 and 5% or more for Scenario 2 b. Average (2004-2008) total annual US imports of the product or group of similar products from the world is greater than USD 20 million c. Pakistan's annual exports of the product to the USA have been close to USD 1 million or more in the recent year (2008) d. Product demand may not be price elastic. The average unit value of Pakistani product imported by the USA is considerably lower than the average unit value of the top 5 exporting countries to the USA in that product category
3. Opportunities realizable through product diversification/ foreign direct investment / developing competitiveness in new product categories	a. Average applicable product tariff is 9% or more for Scenario 1 and 5% or more for Scenario 2 b. Average (2004-2008) total annual US imports of the product or group of similar products from the world is greater than USD 20 million c. Pakistan's annual exports of the product to the USA are less than USD 1 million in the recent year (2008)

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ANALYSIS OUTCOME



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Opportunity Category 1: Opportunities Realizable Through Current Competitiveness

Raw Material	Cotton		Natural material other than cotton		Man-made material		Other		Total	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2
HTS 2 digit Chapter										
Chapter 61	13	19	0	0	1	1	0	0	14	20
Chapter 62	3	9	0	0	4	6	0	0	7	15
Chapter 63	8	23	0	0	0	3	0	0	8	26
Other	0	0	0	0	0	0	1	4	1	4
Total	24	51	0	0	5	10	1	4	30	65

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Opportunity Category 2: Opportunities Realizable Through Product Enhancement Or Development

Raw Material	Cotton		Natural material other than cotton		Man-made material		Other		Total	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2
HTS 2 digit Chapter										
Chapter 61	2	4	0	0	3	3	0	0	5	7
Chapter 62	4	9	0	0	3	3	0	0	7	12
Chapter 63	7	7	0	1	0	2	0	0	7	10
Other	0	0	0	0	0	0	0	0	0	0
Total	13	20	0	1	6	8	0	0	19	29

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Opportunity Category 3: Opportunities Realizable Given Product Diversification/ Foreign Direct Investment / Development Of The Competitiveness In New Product Categories

Raw Material	Cotton		Natural material other than cotton		Man-made material		Other		Total	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2	Scenario 1	Scenario 2
HTS 2 digit Chapter										
Chapter 61	11	14	1	6	29	33	0	0	41	53
Chapter 62	13	30	0	8	31	44	0	0	44	82
Chapter 63	4	8	2	2	1	4	0	0	7	14
Other	2	9	0	0	0	6	0	2	2	19
Total	31	61	3	20	61	87	0	0	94	168

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CONCLUSION

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CONCLUSION

- Thus the ROZ covered product list, as it stands now, can drive regional development on the basis of approximately 262 product categories (HTS 10-digit). Through the mix of products in which Pakistan has current competitiveness and products in which Pakistan needs to acquire competitiveness, the ROZ Program offers a tacit incentive for product diversification within the textile / apparel categories and an opportunity to attract foreign direct investment.
- The set of potential, effective opportunities under the ROZ program for regional development of the northwest regions of Pakistan can be expanded, however, through one or more of following:

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CONCLUSION (Continued)

1. Expansion/revision of products covered under the ROZ Bill to include more products which Pakistan is currently producing, has competitive advantage in, and is subject to high US import tariff. The Congressional Research Service (CSR) report "Afghanistan and Pakistan Reconstruction Opportunity Zones: Issues and Arguments" identifies 45 HTS-10 digit apparel / textile product lines (See Annex 4 of the report) out of the top 100 US imports from Pakistan (2008), for which tariffs will not be removed under the ROZ. The total weighted average tariff rate for these products is approximately 15.6%, and together they accounted for USD1.3 billion in exports to US in 2008.
 - Pros:
 - Will allow the ROZ Program to generate greater implementation and success momentum when / if the ROZ legislation comes through;
 - Will allow for greater impact in terms of new domestic investment in the ROZ
 - Increase the potential viability of the initial pilot ROZ sites that will lead the way for subsequent sites

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CONCLUSION (Continued)

- Pakistan's total exports have been declining (7.4% year-on-year decline during July-November, FY 2010) amidst the decrease in global demand and domestic supply side challenges such as power shortages and rising cost of production. The textile sector exports too declined by 3.2% year on year in the FY10. Tariff free US market access to products in which Pakistan has current competitive advantage and market share vis a vis the US can be the support Pakistan needs to manage its growing current account deficit till structural improvements in Pakistan's economy are made.
 - Cons:
 - i. Basing the incentive of tariff free US market access on textile / apparel products in which we have current competencies alone may mean that the ROZs cannibalize on the investment in the rest of the country if the net advantage of locating in the ROZs is greater than anywhere else in the country.
 - ii. Pakistan's exports are concentrated (55% of total export value) in the textile and apparel sector. Within the textile/apparel sector, Pakistan's exports are concentrated in cotton based, lower value added products. An ROZ program that covers primarily products in which Pakistan has the greatest existing competitiveness can dilute the potential ROZ Program effect in terms of export diversification within the textile / apparel categories to include higher value added, higher skill oriented products.

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CONCLUSION (Continued)

2. Expand the set of products by products subject to high trade weighted US import tariff rate, and in which Pakistan does not have current competitive advantage. This is to attract more FDI. This would also drive export diversification in Pakistan.
3. Expand the set of incentives so that not only do the incentives offset the location disadvantages vis a vis the ROZs but also create a net advantage of locating investment in the ROZ rather than anywhere else in the country. The incentives may be in terms of shared facilities such as power back-up, skill development, logistics support, etc. The incentives will have to be sustainable, and the Government of Pakistan will need to put forth its commitment to create and sustain those incentives.

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CONCLUSION (Continued)

Finally, the ROZ Program innately has greater impact in terms of regional development of the ROZ eligible areas, than it has in terms of export development and diversification for Pakistan as a whole. For the latter objective, a Free Trade Agreement (FTA) may be a more appropriate tool of assistance. However, without specific incentives and advantages for locating in the north western regions of Pakistan the FTA will not have a significant impact on regional development on the northwestern borders, strategic for Pakistan's and USA's counter terrorism objectives. Thus it is difficult to recommend the ROZ Program over an FTA or vice versa for each will work towards a different goal and strategic objective. In both cases, the role of foreign direct investment will be crucial in expanding the effectiveness of the assistance.



CONCLUSION *(Continued)*

- Cons:
 - i. Basing the incentive of tariff free US market access on textile / apparel products in which we have current competencies alone may mean that the ROZs cannibalize on the investment in the rest of the country if the net advantage of locating in the ROZs is greater than anywhere else in the country.
 - ii. Pakistan's exports are concentrated (55% of total export value) in the textile and apparel sector. Within the textile/apparel sector, Pakistan's exports are concentrated in cotton based, lower value added products. An ROZ program that covers primarily products in which Pakistan has the greatest existing competitiveness can dilute the potential ROZ Program effect in terms of export diversification within the textile / apparel categories to include higher value added, higher skill oriented products.



THANK YOU

Deloitte Consulting, LLP
USAID Pakistan Trade Project
Tel: (051) 843 8280 - 83
Fax: (051) 835 0150
<http://www.pakistantrade.org>