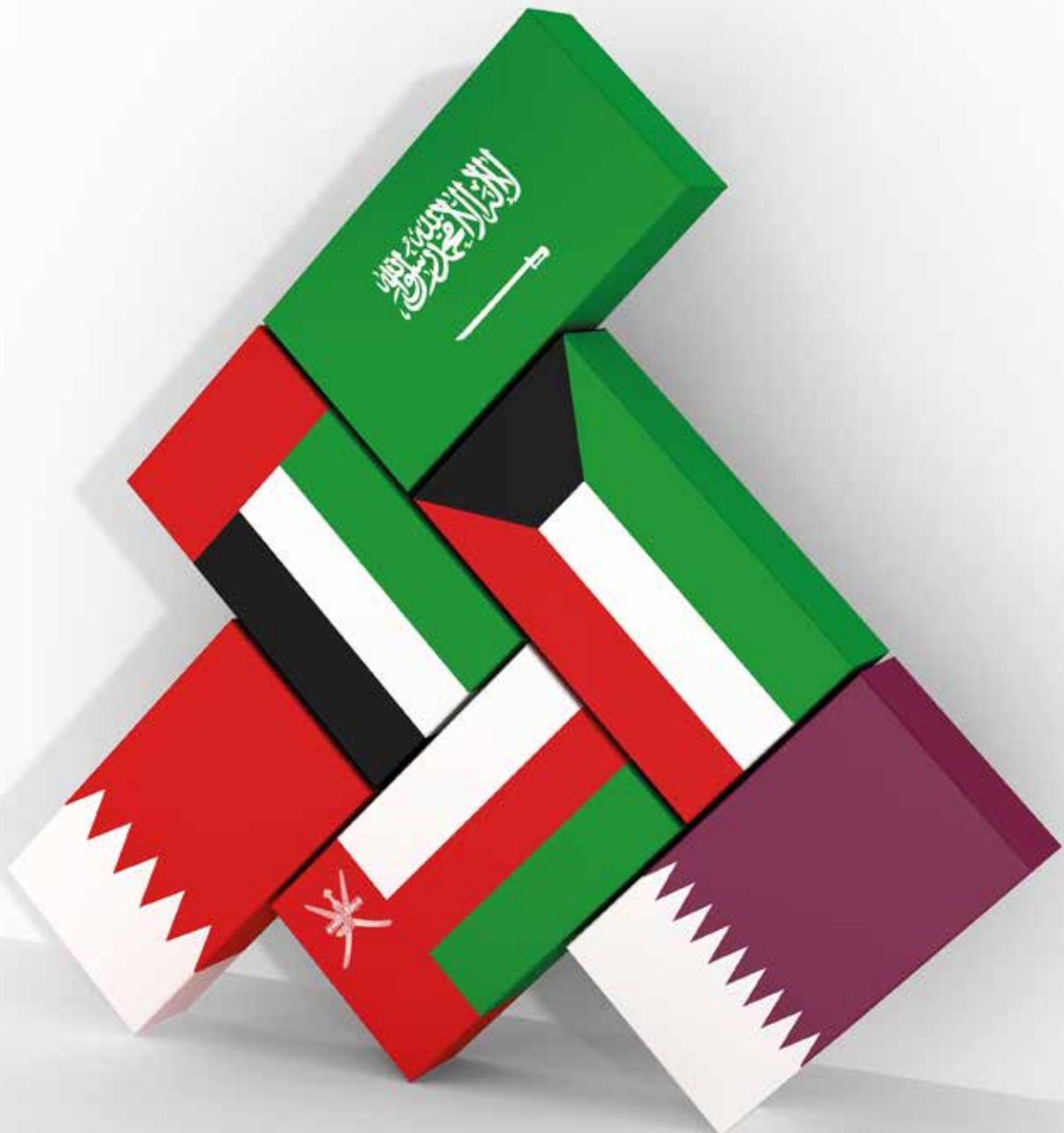


Potential for a Pakistan-GCC Free Trade Agreement

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Disclaimer

The findings, interpretations and conclusions expressed do not necessarily reflect the views of Board of Directors and Members of the Pakistan Business Council or the companies they represent.

Any conclusions and analysis based on the data from ITC Trade Map, Federal Board of Revenue, Pakistan Bureau of Statistics, the World Bank, International Monetary Funds, Statista, and the State Bank of Pakistan are the responsibility of author(s) and do not necessarily reflect the opinion of these agencies. Although every effort has been made to cross-check and verify the authenticity of the data, the Pakistan Business Council, or the author(s), do not guarantee the data included in this work. All data and statistics used are correct as of 18th May 2022 and may be subject to change.

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The Pakistan Business Council: An Overview

The Pakistan Business Council (PBC) is a business policy advocacy platform, established in 2005 by Pakistan's largest private-sector businesses and conglomerates, including multinationals. Currently, PBC's membership stands at 96 and covers nearly all sectors of the formal economy.

The PBC is a not-for-profit entity, registered under Section 42 of the Companies Ordinance 1984. It is a pan-industry advocacy group. It is not a trade body that advocates for any specific business sector. Rather, its key advocacy thrust is on easing barriers to allow Pakistani businesses to compete in regional and global arenas. The PBC conducts research and holds conferences and seminars to facilitate the flow of relevant information to all stakeholders in order to help create an informed view on the major issues faced by Pakistan.

The PBC works closely with relevant government departments, ministries, regulators and institutions, as well as other stakeholders including professional bodies, to develop consensus on major issues which impact the conduct of business in and from Pakistan. The PBC has submitted key position papers and recommendations to the government on legislation and other government policies affecting businesses. It also serves on various taskforces and committees of the Government of Pakistan as well as those of the State Bank, the SECP and other regulators with the objective to provide policy assistance on new initiatives and reforms.

The PBC's Founding Objectives

The major objectives of the PBC as stated in its founding documents are:

- To provide for the formation and exchange of views on any question connected with the conduct of business in and from Pakistan.
- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and fieldwork for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.
- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.
- To promote and facilitate the integration of businesses in Pakistan into the World economy and to encourage in the development and growth of Pakistani multinationals.
- To interact with governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

The PBC's Member Companies





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Acronyms

BIT	Bilateral Investment Treaty
BOI	Board of Investment
CAGR	Compound Annual Growth Rate
CET	Common External Tariff
EFTA	European Free Trade Association
EU	European Union
FBR	Federal Board of Revenue
FDI	Foreign Direct Investment
FPCCI	Federation of Pakistan Chambers of Commerce and Industry
FTA	Free Trade Agreement/Free Trade Area
FY	Fiscal Year
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GSFTA	GCC-Singapore Free Trade Agreement
ICT	Information and Communications Technology
IPPTA	Indonesia–Pakistan Preferential Trade Agreement
IT	Information Technology
MENA	Middle East and North Africa
MOC	Ministry of Commerce
MOP	Margin of Preference
MOU	Memorandum of Understanding
MPCEPA	Malaysia-Pakistan Closer Economic Partnership Agreement
NEA	Northeast Asia
NTB	Non-Tariff Barrier
SEZ	Special Economic Zone
TCS	Tranzum Courier Service
TDRO	Trade Dispute Resolution Organization
UAE	United Arab Emirates
UK	United Kingdom
USA	United States of America

Executive Summary

The Gulf Cooperation Council (GCC) at its Ministerial Council meeting in June 2004, agreed to consider the possibility of concluding a Framework Agreement on Economic Cooperation between the GCC States and Pakistan along with starting FTA negotiations. The Framework Agreement was signed in Islamabad in August 2004.

The Gulf Cooperation Council (GCC) has voiced its readiness to resume the stalled Pak-GCC FTA negotiations. The Ministry of Commerce (MOC) in Pakistan is at the moment taking preliminary steps before holding the third round of negotiations.

The Gulf Cooperation Council (GCC), is a regional, intergovernmental, political and economic union that comprises of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE). The GCC countries occupy most of the Arabian Peninsula and are known for their large reserves of crude oil and gas. The GCC was established under an agreement concluded on 25 May 1981 in Riyadh, Saudi Arabia aimed at building on the member states' special relations, geographic proximity, similar political systems, the sense of a shared destiny and common strategic goals.

The GCC had a combined GDP of approximately US\$ 1.4 Trillion where Saudi Arabia and the UAE contributed 49.4 and 25.3 percent, respectively, to the bloc's GDP in 2020. The GCC countries had a total population of 58.7 million where Saudi Arabia and the UAE constituted 59.3 and 16.9 percent respectively, of the total population of the bloc in the same year.

Pakistan's exports to the GCC increased by US\$ 483.2 Million while its imports from the GCC fell by US\$ 4.5 Billion for the 2017-2020 period.

Pakistan's exports to the GCC were worth US\$ 2.0 Billion whereas its imports from the GCC were worth US\$ 9.6 Billion in 2020.

Pakistan's cumulative exports of 'Milled rice ...' (HS-100630) and 'Carcases of bovine animals ...' (HS-020110) to the GCC contributed 25.6 percent to Pakistan's total exports to the GCC in 2020. Other top exports of Pakistan to the GCC include 'Petroleum oils ...' (HS-270900), 'Guavas, mangoes and mangosteens ...' (HS-080450), 'Commodities n.e.s.' (HS-999999) and 'Men's or boys' ensembles of cotton ...' (HS-620322).

Pakistan's exports of 'Commodities n.e.s.' (HS-999999), 'Fresh or dried dates ...' (HS-080410), 'Bovine cuts ...' (HS-020120) and 'Stainless steel ...' (HS-720421) etc. to the GCC have experienced the highest growth rates for the 2017-2020 period.

Pakistan's import of 'Mineral fuels ...' (HS-27) from the GCC contributed 74.5 percent to Pakistan's total imports from the GCC in 2020. Pakistan imports 'Mineral fuels ...' (HS-27) from the GCC in huge quantities and is expected to do so in the near future regardless of the signing of the Proposed Pakistan-GCC FTA as there are hardly any competitors of GCC in Pakistan's market for the said product.

Other top imports of Pakistan from the GCC include 'Polypropylene ...' (HS-390210), 'Waste and scrap of iron or steel ...' (HS-720449) and 'Polyethylene ...' (HS-390110 and HS-390120).

Pakistan's imports of 'Cane or beet sugar ...' (HS-170199), 'Chemical products ...' (HS-382499) and 'Polyether's ...' (HS-390720) etc. from the GCC have experienced the highest growth rates for the 2017-2020 period.

GCC's exports match Pakistan's imports more closely relative to Pakistan's exports with GCC's imports. 26.8 percent of Pakistan's exports complement GCC's imports while 42.0 percent of GCC's exports complement Pakistan's imports.

Pakistan's total export potential to GCC for the selected 51 products at HS-06 level in this Study was US\$ 4.0 Billion while the actual exports were US\$ 700.5 Million in 2020. These products are broadly covered under HS-06 – HS-14, HS-16 – HS-24, HS-28 – HS-38, HS-50 – HS-63, HS-72 – HS-83 and HS-90.

GCC's total export potential to Pakistan for the selected 50 products at HS-06 level in this Study was US\$ 8.8 Billion while the actual exports were US\$ 5.2 Billion in 2020. These products are broadly covered under HS-25 – HS-27, HS-28 – HS-38, HS-39 – HS-40, HS-72 – HS-83 and HS-84 – HS-85.

Pakistan's overall trade deficit in services with the GCC has increased from US\$ 1.1 Billion in FY 2016 to US\$ 1.3 Billion in FY 2020.

Pakistan's exports of services to GCC were worth US\$ 886.6 Million while its imports of services from GCC were worth US\$ 2.1 Billion in FY 2020. Pakistan's exports of services to the GCC countries accounted for 16.3 percent of Pakistan's global exports in services while Pakistan's imports of services from the GCC countries accounted for 24.5 percent of Pakistan's global imports of services in the same financial year.

There are a number of hurdles in trade and investment between Pakistan and the GCC countries.

Most Pakistani exporters of agricultural products are not growers themselves which restricts their ability to influence their supply chains, both backward as well as forwards.

There is no proper mechanism for trade dispute resolution in GCC as a trade bloc.

Pakistan finds it tough to compete in exports of agricultural products with India in GCC due to the fact that even large-scale exporters in Pakistan have supply constraints.

India is a major regional competitor of Pakistan throughout the GCC due to costs and logistics advantages. Importing 'Basmati Rice' (HS-10063010) from Pakistan into GCC costs US\$ 100/Metric Ton more than importing it from India.

There is also a language barrier for Pakistan in trade activities with GCC which also creates issues in getting export licenses for Pakistani exporters.

The government of Pakistan has not incentivized the development of testing centers in Pakistan where the required quality tests for shipping into the GCC markets can be performed in a cost-effective manner.

Pakistan lacks energy resources including gas which also creates issues in generating electricity making it difficult to attract foreign investment in any industry from Saudi Arabian companies.

There are other country specific issues for Pakistan while trading with Saudi Arabia like lack of brand recognition, lack of direct transportation routes and strict licensing requirements. Countries like Oman and Qatar follow independent trade policies.

Recommendations for the Proposed Pakistan-GCC FTA have been included in the last section of this report. Moreover, recommendations for increasing Pakistan's bilateral trade and investment with Saudi Arabia and Qatar have also been included.

An initial list of products, based on input from Pakistani business groups, can be found in the last section of this report for inclusion in the Concession Lists and Pakistan's Negative List under the Proposed Pakistan-GCC FTA.

Background to the Study

The Gulf Cooperation Council (GCC) at its Ministerial Council meeting in June 2004, agreed to consider the possibility of concluding a Framework Agreement on Economic Cooperation between the GCC States and Pakistan along with starting FTA negotiations. The Framework Agreement was signed in Islamabad in August 2004.

Till now, two rounds of negotiations between the GCC States and Pakistan have been concluded to establish a free trade area. In these rounds of negotiations, a number of topics associated with this proposed agreement were finalized.

The Gulf Cooperation Council (GCC) has voiced its readiness to resume the stalled Pak-GCC FTA negotiations¹. The Ministry of Commerce (MOC) in Pakistan is at the moment taking preliminary steps before holding the third round of negotiations.

The Pakistan Business Council (PBC) has prepared this Study on 'The Potential for a Pakistan-GCC Free Trade Agreement' in order that the Proposed FTA proves to be beneficial for both parties while at the same time safeguarding the interests of Pakistan's manufacturing sector. This Study focuses on potential sectors in which bilateral trade can be increased. Moreover, an initial list of products, based on input from PBC members has been prepared for inclusion in the Concession Lists and Pakistan's Negative List.

This Study primarily relies on secondary research supplemented with interviews with Pakistan's Trade Missions in the GCC countries and input from PBC members.

¹ https://www.pc.gov.pk/uploads/cpec/PES_2020_21.pdf



Introduction

The Gulf Cooperation Council (GCC) – Background

The Gulf Cooperation Council (GCC), is a regional, intergovernmental, political and economic union that comprises of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE). The GCC countries occupy most of the Arabian Peninsula. The peninsula is known for its large reserves of crude oil and gas. The GCC was established under an agreement concluded on 25 May 1981 in Riyadh, Saudi Arabia aimed at building on the member states' special relations, geographic proximity, similar political systems, the sense of a shared destiny and common strategic goals.

The GCC Charter states that the basic objectives behind the formation of the GCC are as follows:

1. To implement co-ordination, integration and inter-connection between member countries in all fields in order to achieve unity between them.
2. To deepen and strengthen relations, links and areas of cooperation between their people in different fields.
3. To formulate similar regulations in different fields including the following:
 - A. Economic and financial affairs.
 - B. Commerce, customs and communications.
 - C. Education and culture.
 - D. Social and health affairs.
 - E. Information and tourism.
 - F. Legislative and administrative affairs.
4. To stimulate scientific and technological progress in the fields of industry, mining, agriculture, water and animal resources; to establish scientific research; to establish joint ventures and encourage cooperation by the private sector for the betterment of their people.

Socio-Economic Indicators

The table below lists the socio-economic indicators for the GCC countries in 2020.

Table 1: GCC Countries - Key Socio-Economic Indicators (2020)

	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
Population (Millions)	1.70	4.27	5.11	2.88	34.81	9.89
GDP (US\$, Billions)	34.73	105.96	73.97	144.41	700.12	358.87
GDP Growth (%)	-5.10	-8.70	-3.20	-3.60	-4.10	-6.10
GDP per Capita (US\$)	20,410.00	24,811.80	14,485.40	50,124.40	20,110.30	36,284.60
Inflation (%)	-5.30	-14.10	-13.20	-15.10	-7.90	-8.40
Exchange Rate (LCU per US\$)	0.38	0.31	0.38	3.64	3.75	3.67
FDI, net inflows (US\$, Billions)	1.01	-0.63	2.86	-2.43	5.40	19.88

Source: World Bank

As can be seen from the table above, the GCC had a combined GDP of approximately US\$ 1.4 Trillion where Saudi Arabia and the UAE contributed 49.4 and 25.3 percent, respectively, to the bloc's GDP in 2020. The GCC countries had a total population of 58.7 million where Saudi Arabia and the UAE constituted 59.3 and 16.9 percent respectively, of the total population of the bloc in the same year.

Qatar, with a population of only 2.9 million is the richest country among the GCC members and had the highest GDP per capita of US\$ 50,124.4 in 2020.



GCC Trade Profile

The table below shows trade of the Gulf Cooperation Council (GCC) with the rest of the world for the 2017-2020 period. The global trade surplus of the GCC fell from US\$ 193.7 Billion to US\$ 83.5 Billion, which is a decline of 56.9 percent, in the said period.

The global trade surplus of GCC also experienced a decline of 64.6 percent for the 2019-2020 period.

The global trade balance for most of the GCC countries worsened, with the exception of Oman and Bahrain, for the 2017-2020 period.

Table 2: GCC Trade Balance with the World (2017-2020)

	2017	2018	2019	2020
Gulf Cooperation Council (GCC) Trade Balance	193.73	317.85	236.09	83.51
Saudi Arabia	93.31	159.32	107.47	45.18
Qatar	37.60	53.21	43.76	25.67
Oman	6.47	15.99	10.33	14.23
Kuwait	21.42	36.07	30.95	12.41
Bahrain	-4.91	-6.24	-4.42	-0.49
United Arab Emirates	39.84	59.50	48.01	-13.49

*All Values in US\$, Billions

*Mirror Data is used for Oman for 2019-2020

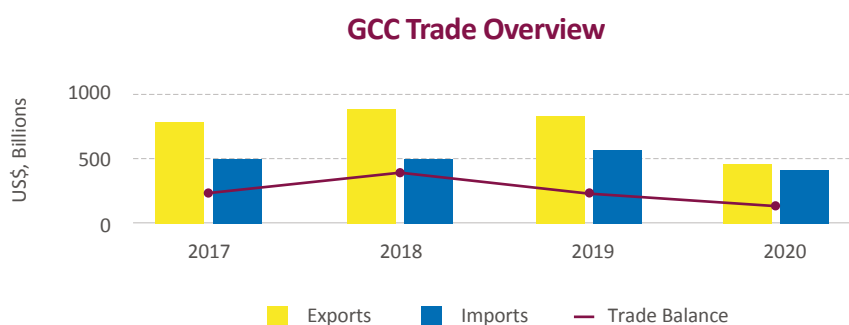
*Mirror Data is used for Bahrain and the UAE for 2020

Source: ITC, Trade Map

The figure below shows the global trade of GCC as a bloc for the 2017-2020 period. The GCC's global exports fell by 33.9 percent while its global imports fell by 25.2 percent in the same period.

In 2020, the global exports of GCC were worth US\$ 463.6 Billion while its imports from the world were worth US\$ 380.1 Billion.

**Figure 1:
GCC Trade Overview (2017-2020)**



Source: ITC Trade Map

GCC Exports to the World

The table below shows the top 10 export products of GCC to the world at HS-02 level for the 2017-2020 period. The top products consisted mainly of 'Mineral fuels ...' (HS-27), 'Pearls ...' (HS-71) and 'Plastics ...' (HS-39) among others. The global exports of GCC had a Compound Annual Growth Rate (CAGR) of -12.9 percent for the 2017-2020 period.

The GCC global export of 'Mineral fuels ...' (HS-27) experienced an increase of 24.0 percent for the 2019-2020 period.

In 2020, GCC global export of 'Mineral fuels ...' (HS-27) alone constituted around 67.0 percent of the global exports of the GCC.

Table 3: GCC Top 10 Export Products to the World at HS-02 Level (2017-2020)

*All Values in US\$, Billions								
HS-Code	Product Label	2017	2018	2019	2020	Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
TOTAL	All products	701.49	828.50	761.35	463.56	-39.11	-12.90	100.00
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	373.39	498.53	250.57	310.69	24.00	-5.94	67.02
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	47.97	47.25	49.90	40.56	-18.73	-5.44	8.75
39	Plastics and articles thereof	26.29	31.04	29.34	25.73	-12.31	-0.72	5.55
29	Organic chemicals	13.95	19.78	18.19	14.30	-21.38	0.83	3.08
76	Aluminium and articles thereof	12.40	13.10	11.98	12.75	6.45	0.95	2.75
72	Iron and steel	3.31	5.74	7.11	5.69	-20.00	19.75	1.23
31	Fertilisers	3.08	3.85	3.87	4.50	16.18	13.49	0.97
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	25.61	29.56	32.03	3.69	-88.48	-47.58	0.80
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	1.75	3.70	3.42	3.56	4.13	26.79	0.77
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	19.24	21.00	20.29	3.36	-83.45	-44.12	0.72

Source: ITC, Trade Map

The table below shows the top 25 export products of GCC to the world at HS-06 level for the 2017-2020 period. The top products consisted mainly of ‘Commodities n.e.s’ (HS-999999), ‘Petroleum oils ...’ (HS-270900) and ‘Gold ...’ (HS-710812) among others.

The GCC global exports of ‘Medium oils ...’ (HS-271019), ‘Anhydrous ammonia’ (HS-281410) and ‘Light-vessels ...’ (HS-890590) had high CAGRs of 97.7 percent, 83.5 percent and 84.5 percent, respectively, for the 2017-2020 period.

In 2020, GCC global exports of ‘Commodities n.e.s’ (HS-999999) and ‘Petroleum oils ...’ (HS-270900) constituted 38.4 percent and 21.4 percent, respectively, of the global exports of GCC.

Table 4: GCC Top 25 Export Products to the World at HS-06 Level (2017-2020)

		*All Values in US\$, Billions				Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
HS-Code	Product Label	2017	2018	2019	2020			
TOTAL	All products	701.49	828.50	761.35	463.56	-39.11	-12.90	100.00
999999	Commodities not elsewhere specified	102.85	361.18	258.34	178.02	-31.09	20.07	38.40
270900	Petroleum oils and oils obtained from bituminous minerals, crude	244.68	144.05	135.10	99.34	-26.47	-25.95	21.43
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold ...	16.88	15.81	20.14	28.24	40.19	18.72	6.09
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	74.04	52.74	56.93	18.95	-66.71	-36.51	4.09
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	1.41	1.73	2.77	10.89	293.38	97.67	2.35
390210	Polypropylene, in primary forms	5.64	6.81	6.43	6.01	-6.49	2.14	1.30
390120	Polyethylene with a specific gravity of >= 0,94, in primary forms	7.08	7.12	6.61	5.70	-13.74	-6.96	1.23
710231	Non-industrial diamonds unworked or simply sawn, cleaved or bruted (excluding industrial diamonds)	8.95	9.53	7.54	5.28	-30.00	-16.14	1.14
271111	Natural gas, liquefied	47.41	6.14	51.83	5.20	-89.96	-52.12	1.12
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	4.35	6.01	4.66	4.67	0.29	2.40	1.01
271112	Propane, liquefied	3.08	1.62	1.90	4.27	124.21	11.53	0.92
760110	Aluminium, not alloyed, unwrought	2.75	2.10	1.94	4.23	118.59	15.52	0.91
760120	Unwrought aluminium alloys	4.72	5.21	4.64	4.23	-8.82	-3.62	0.91
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	14.97	16.10	16.88	3.95	-76.61	-35.87	0.85
271113	Butanes, liquefied (excluding of a purity of >= 95% of N-butane or isobutane)	2.50	1.14	1.29	3.17	145.10	8.21	0.68

Table 4: GCC Top 25 Export Products to the World at HS-06 Level (2017-2020)

		*All Values in US\$, Billions						
HS-Code	Product Label	2017	2018	2019	2020	Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
310210	Urea, whether or not in aqueous solution (excluding that in pellet or similar forms, or in ...	1.85	2.26	2.37	2.96	25.05	17.05	0.64
290511	Methanol "methyl alcohol"	1.92	2.14	2.21	2.48	11.90	8.76	0.53
290943	Monobutyl ethers of ethylene glycol or of diethylene glycol	2.92	3.54	2.85	2.12	-25.42	-10.07	0.46
281410	Anhydrous ammonia	0.27	1.54	1.71	1.69	-1.02	83.50	0.36
290531	Ethylene glycol "ethanediol"	1.22	2.28	2.18	1.41	-35.15	5.07	0.30
740811	Wire of refined copper, with a maximum cross-sectional dimension of > 6 mm	1.27	2.37	2.30	1.30	-43.36	0.90	0.28
710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	4.83	3.93	3.81	1.22	-68.02	-36.82	0.26
290250	Styrene	1.31	1.28	1.59	1.13	-28.62	-4.77	0.24
890590	Light-vessels, fire-floats, floating cranes and other vessels, the navigability of which is ...	0.15	0.31	0.02	0.93	4,471.95	84.49	0.20
290243	P-Xylene	0.93	1.37	1.70	0.88	-48.27	-1.86	0.19

Source: ITC, Trade Map

Major Export Destinations of GCC

The table below shows the top 10 export partners of the GCC bloc for the 2017-2020 period. The GCC exports to eight of the top 10 export partners experienced an increase in the said period. It should be noted that intra-regional exports of GCC to Saudi Arabia fell by US\$ 5.6 Billion for the 2017-2020 period. Furthermore, intra-regional exports of GCC within the member states in comparison to other regional trading blocs like the EU or ASEAN are comparatively low.

The combined exports of GCC to three Northeast Asian (NEA) states of China, Japan and South-Korea experienced an increase of US\$ 44.2 Billion for the 2017-2020 period. In 2020, the GCC exports to the said countries constituted around 19.8 percent of the global exports of the GCC.

Table 5: GCC Top 10 Export Partners (2017-2020)

Importers	*All Values in US\$, Billions				Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
	2017	2018	2019	2020			
Area Nes (Not elsewhere specified)	341.00	392.05	340.11	168.02	-50.60	-21.02	36.25
China	19.75	26.51	48.42	48.81	0.81	35.19	10.53
India	27.33	29.11	31.63	38.35	21.25	11.95	8.27
Japan	14.46	16.70	19.19	26.97	40.56	23.08	5.82
Korea, Republic of	13.16	16.62	16.30	15.77	-3.27	6.22	3.40
Saudi Arabia	18.74	25.79	28.56	13.11	-54.10	-11.23	2.83
Singapore	11.98	13.27	11.86	12.92	8.96	2.55	2.79
Switzerland	4.22	10.28	14.27	10.98	-23.03	37.59	2.37
Thailand	4.21	5.18	5.52	8.72	57.83	27.42	1.88
Turkey	8.42	8.05	7.24	8.70	20.12	1.07	1.88

Source: ITC, Trade Map

GCC Imports from the World

The table below shows the top 10 import products of GCC from the world at HS-02 level for the 2017-2020 period. The top products consisted mainly of 'Machinery ...' (HS-84), 'Electrical machinery ...' (HS-85), 'Vehicles ...' (HS-87) and 'Pearls ...' (HS-71) among others. The global imports of GCC had a CAGR of -9.2 percent for the 2017-2020 period. The Common External Tariff (CET) of the GCC currently ranges between 0.0 to 5.0 percent on most products and this was last revised in 2017.

The top 10 imports of GCC from the world at HS-02 level experienced a decline for the 2019-2020 period.

In 2020, GCC global imports of 'Machinery ...' (HS-84), 'Electrical machinery ...' (HS-85), 'Vehicles ...' (HS-87) and 'Pearls ...' (HS-71) contributed 12.9 percent, 12.3 percent, 8.5 percent and 7.7 percent, respectively, to the global imports of GCC.

Table 6: GCC Top 10 Import Products from the World at HS-02 Level (2017-2020)

		*All Values in US\$, Billions				Change (%) 2019- 2020	CAGR (%) 2017- 2020	% Share 2020
HS-Code	Product Label	2017	2018	2019	2020			
TOTAL	All products	507.76	510.65	525.26	380.05	-27.65	-9.21	100.00
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	63.57	59.89	60.15	48.93	-18.65	-8.35	12.88
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	71.16	59.05	61.57	46.72	-24.12	-13.09	12.29
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	45.52	41.73	46.20	32.24	-30.21	-10.86	8.48
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	62.08	61.88	65.71	29.27	-55.46	-22.17	7.70
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	18.92	27.68	28.12	13.94	-50.43	-9.68	3.67
30	Pharmaceutical products	11.87	12.36	12.19	11.25	-7.72	-1.76	2.96
73	Articles of iron or steel	13.75	14.69	13.61	10.72	-21.20	-7.96	2.82
99	Commodities not elsewhere specified	21.70	26.34	28.56	10.04	-64.85	-22.66	2.64
39	Plastics and articles thereof	10.26	10.79	10.88	9.57	-12.04	-2.29	2.52
72	Iron and steel	9.80	11.96	10.64	9.39	-11.79	-1.41	2.47

Source: ITC, Trade Map

The table below shows the top 25 import products of GCC from the world at HS-06 level for the 2017-2020 period. The top products consisted mainly of ‘Telephones ...’ (HS-851712), ‘Commodities n.e.s’ (HS-999999) and ‘Gold ...’ (HS-710812) among others.

The GCC global import of ‘Made-up articles of textile materials ...’ (HS-630790) had a CAGR of 124.3 percent for the 2017-2020 period.

In 2020 at HS-06, GCC global imports of the top 25 products contributed 33.5 percent to the global imports of GCC.

Table 7: GCC Top 25 Import Products from the World at HS-06 Level (2017-2020)

*All Values in US\$, Billions								
HS-Code	Product Label	2017	2018	2019	2020	Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
TOTAL	All products	507.76	510.65	525.26	380.05	-27.65	-9.21	100.00
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	35.12	24.22	26.07	18.45	-29.20	-19.30	4.86
999999	Commodities not elsewhere specified	25.31	27.12	30.77	14.55	-52.70	-16.84	3.83
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold ...	32.39	31.04	35.39	8.80	-75.13	-35.23	2.32
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	8.07	15.79	17.48	7.22	-58.69	-3.64	1.90
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	10.80	15.12	15.55	7.09	-54.43	-13.10	1.86
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	6.97	7.23	6.97	6.50	-6.65	-2.29	1.71
870324	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	14.13	13.61	10.92	6.23	-42.99	-23.89	1.64
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	1.16	2.02	6.28	5.38	-14.38	66.84	1.42
710813	Gold, incl. gold plated with platinum, in semi-manufactured forms, for non-monetary purposes	4.83	1.42	0.81	5.02	518.67	1.34	1.32
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	1.32	2.49	5.17	4.82	-6.69	53.99	1.27
847130	Data-processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a ...	5.29	4.48	4.50	4.73	5.23	-3.64	1.24
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	13.48	12.48	10.35	4.70	-54.62	-29.65	1.24
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or ...	3.52	4.02	5.50	4.69	-14.69	10.05	1.23

Table 7: GCC Top 25 Import Products from the World at HS-06 Level (2017-2020)

*All Values in US\$, Billions								
HS-Code	Product Label	2017	2018	2019	2020	Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
710231	Non-industrial diamonds unworked or simply sawn, cleaved or bruted (excluding industrial diamonds)	7.12	7.50	6.09	3.71	-39.04	-19.49	0.98
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	1.98	1.81	2.00	3.06	52.99	15.53	0.80
880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	6.26	6.17	6.23	3.05	-51.01	-21.33	0.80
841112	Turbojets of a thrust > 25 kN	4.19	4.80	5.04	2.92	-42.09	-11.33	0.77
848180	Appliances for pipes, boiler shells, tanks, vats or the like (excluding pressure-reducing valves, ...	3.04	2.94	2.59	2.76	6.63	-3.20	0.73
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	2.41	2.68	2.65	2.62	-1.16	2.81	0.69
710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	6.72	4.22	4.67	2.50	-46.34	-28.05	0.66
841510	Window or wall air conditioning machines, self-contained or "split-system"	1.61	1.47	1.64	2.01	22.68	7.75	0.53
880240	Aeroplanes and other powered aircraft of an of an unladen weight > 15000 kg (excluding helicopters ...	5.72	4.84	2.64	1.99	-24.33	-29.63	0.52
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.14	0.15	0.16	1.59	923.39	124.28	0.42
890520	Floating or submersible drilling or production platforms	0.92	2.41	2.13	1.53	-28.17	18.62	0.40
740311	Copper, refined, in the form of cathodes and sections of cathodes	2.78	3.45	3.30	1.51	-54.08	-18.31	0.40

Source: ITC, Trade Map

Major Import Partners of the GCC

The table below lists the top 10 import partners of the GCC for the 2017-2020 period. The GCC imports from its top 10 import partners experienced a decline in the said period. It should be noted that intra-regional imports of GCC from the member state of the UAE fell by US\$ 13.1 Billion for the 2017-2020 period. Also, intra-regional imports of GCC within the member states are comparatively lower as compared to other regional trade blocs.

In 2020, GCC imports from China and the USA contributed 18.9 percent and 9.8 percent, respectively, to the global imports of the GCC. It should be noted that three of the NEA states, China, Japan and South-Korea are also among the top 10 import partners of the GCC and contributed 25.5 percent to the global imports of GCC in 2020.

Table 8: GCC Top 10 Import Partners (2017-2020)

Exporter	*All Values in US\$, Billions				Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
	2017	2018	2019	2020			
China	79.75	73.48	82.40	71.81	-12.85	-3.43	18.90
United States of America	48.11	50.21	48.39	37.31	-22.90	-8.13	9.82
India	30.71	34.45	39.38	29.79	-24.36	-1.01	7.84
Germany	24.07	23.39	22.47	19.01	-15.40	-7.56	5.00
Japan	23.68	23.82	24.96	15.61	-37.45	-12.96	4.11
United Kingdom	12.87	14.40	14.37	12.40	-13.72	-1.22	3.26
Italy	14.78	14.81	14.48	11.72	-19.04	-7.44	3.09
United Arab Emirates	24.39	28.37	25.02	11.32	-54.76	-22.59	2.98
France	12.41	13.48	14.21	9.59	-32.51	-8.24	2.52
South-Korea	15.86	12.54	10.02	9.28	-7.41	-16.36	2.44

Source: ITC, Trade Map

GCC Trade Agreements

The GCC has signed a number of trade agreements of which two of the important ones are discussed briefly in this sub-section. The GCC is currently in the process of negotiating trade agreements with other countries and trade blocs including the European Union (EU), China, India, Turkey, the Mercosur countries, Japan, South-Korea, Australia and New Zealand.

The GCC-European Free Trade Association FTA

The European Free Trade Association (EFTA) States which include Norway, Iceland, Liechtenstein and Switzerland signed a Free Trade Agreement (FTA) with the Gulf Cooperation Council (GCC) in Hamar, Norway, on 22 June 2009. The agreement entered into force on 1 July 2014.

The coverage of the FTA includes trade in goods encompassing industrial and processed agricultural goods, fish and other marine products. The FTA also covers trade in services, government procurement and competition. Basic agricultural products are covered under bilateral agricultural agreements between the GCC and Norway, Iceland and Switzerland. These bilateral agreements on agriculture are part of the instruments establishing the free trade area between the GCC and the EFTA.

The table below shows the trade balance of the GCC with the EFTA for selected years for the 2014-2020 period. The GCC's trade balance with EFTA improved overall for the said period implying that the FTA turned the trade balance in favor of GCC. In 2020, the trade surplus of GCC with three of the EFTA countries was US\$ 4.4 Billion.

Table 9: GCC Trade Balance with EFTA for Selected Years (2014-2020)

EFTA Countries	*All Values in US\$, Millions	
	2014	2020
Norway	-307.64	-364.15
Iceland	-3.45	17.41
Switzerland	-8,150.26	4,759.08

*Data for Liechtenstein is not available
Source: ITC, Trade Map

The trade deficit of GCC with Norway increased by US\$ 56.5 Million in the 2014-2020 period.

The trade deficits of GCC with Iceland and Switzerland turned into trade surpluses of US\$ 20.9 Million and US\$ 12.9 Billion, in the 2014-2020 period.

GCC-Singapore Free Trade Agreement (GSFTA)

The GCC-Singapore FTA (GSFTA) was signed in Doha, Qatar on 15 December 2008. It is a key instrument for strengthening ties between the GCC countries and Singapore. It was the first Free Trade Agreement (FTA) signed by the GCC and the second FTA that Singapore signed with a Middle Eastern country. The agreement is a comprehensive one that includes trade in both goods and services.

According to the International Trade Center's Trade Map, the trade surplus of GCC with Singapore increased from US\$ 7.0 Billion in 2008 to US\$ 7.8 Billion in 2020.



Bilateral Trade Analysis – Pakistan and the GCC

The table below shows the trade balance of Pakistan with GCC member states for the 2017-2020 period. Pakistan's overall trade deficit with the GCC declined from US\$ 12.6 Billion in 2017 to US\$ 7.6 Billion in 2020.

Table 10: Pakistan's Trade Balance with GCC Countries (2017-2020)

*All Values in US\$, Billions				
Trade Partners	2017	2018	2019	2020
Gulf Cooperation Council (GCC)	-12.58	-14.93	-10.80	-7.63
United Arab Emirates	-6.66	-7.71	-5.16	-3.38
Saudi Arabia	-2.40	-2.94	-2.03	-1.46
Qatar	-1.54	-2.29	-2.05	-1.34
Kuwait	-1.38	-1.31	-1.15	-1.01
Oman	-0.54	-0.65	-0.44	-0.47
Bahrain	-0.06	-0.03	0.03	0.02

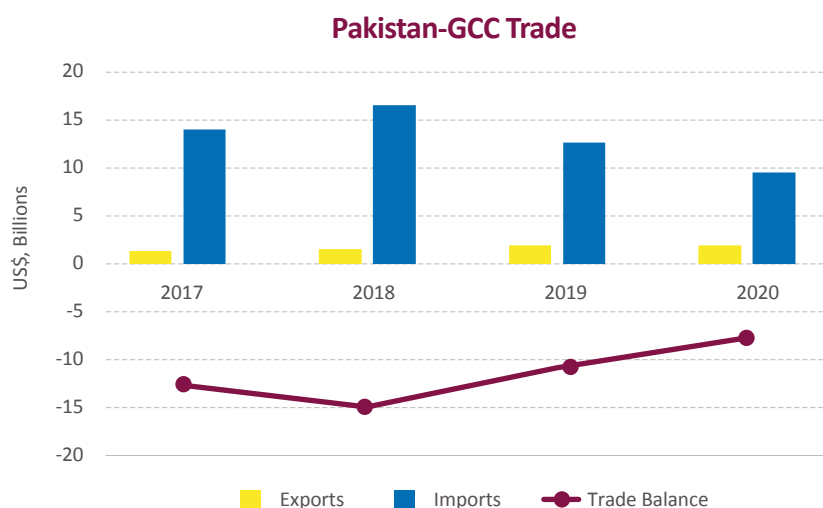
Source: ITC, Trade Map

The figure below shows the bilateral trade between Pakistan and the GCC for the 2017-2020 period. The bilateral trade fell by US\$ 4.0 Billion in the said period.

Pakistan's exports to the GCC experienced an increase of 31.7 percent while its imports from the GCC experienced a decline of 31.7 percent for the 2017-2020 period. The trade deficit of Pakistan with the GCC experienced a decrease of 39.3 percent for the said period.

In 2020, Pakistan's exports to the GCC were worth US\$ 2.0 Billion whereas its imports from the GCC were worth US\$ 9.6 Billion.

**Figure 2:
Pakistan - GCC Annual Trade (2017-2020)**



Source: ITC Trade Map

The table below shows Pakistan's exports to the GCC countries for the 2017-2020 period. Pakistan's exports to the GCC had a CAGR of 9.6 percent for the 2017-2020 period.

In 2020, Pakistan's exports to the GCC countries accounted for 9.0 percent of Pakistan's global exports.

Table 11: Pakistan's Exports to GCC Countries (2017-2020)

*All Values in US\$, Billions							
Importers	2017	2018	2019	2020	Change (%) 2019-2020	CAGR (%) 2017-2020	% Share in Global Exports 2020
Gulf Cooperation Council (GCC)	1,522.95	1,708.11	2,072.93	2,006.12	-3.22	9.62	9.02
United Arab Emirates	870.39	989.72	1,179.06	1,096.88	-6.97	8.01	4.93
Saudi Arabia	335.03	318.30	406.12	432.30	6.45	8.87	1.94
Oman	118.42	139.12	171.47	149.22	-12.98	8.01	0.67
Qatar	67.47	102.85	142.80	147.50	3.29	29.79	0.66
Kuwait	89.13	98.11	102.81	112.42	9.35	8.05	0.51
Bahrain	42.52	60.02	70.67	67.80	-4.05	16.83	0.30

Source: ITC, Trade Map

The table below shows Pakistan's imports from the GCC countries for the 2017-2020 period. Pakistan's imports from the GCC had a CAGR of -11.9 percent for the 2017-2020 period.

In 2020, Pakistan's imports from the GCC countries accounted for 21.1 percent of Pakistan's global imports.

Table 12: Pakistan's Imports from GCC Countries (2017-2020)

*All Values in US\$, Billions							
Exporters	2017	2018	2019	2020	Change (%) 2019-2020	CAGR (%) 2017-2020	% Share in Global Imports 2020
Gulf Cooperation Council (GCC)	14,104.31	16,639.52	12,872.74	9,638.98	-25.12	-11.92	21.06
United Arab Emirates	7,534.90	8,702.01	6,340.20	4,474.23	-29.43	-15.95	9.77
Saudi Arabia	2,734.07	3,254.61	2,439.77	1,893.13	-22.41	-11.53	4.14
Oman	1,610.48	2,395.20	2,190.93	1,482.87	-32.32	-2.71	3.24
Qatar	1,470.12	1,413.04	1,255.31	1,121.89	-10.63	-8.62	2.45
Kuwait	656.90	788.34	608.64	614.81	1.01	-2.18	1.34
Bahrain	97.84	86.31	37.88	52.04	37.37	-18.98	0.11

Source: ITC, Trade Map

Pakistan's Top Exports to the GCC

The table below shows the top 10 export products of Pakistan to the GCC at HS-02 level for the 2017-2020 period. The top products consisted mainly of 'Cereals' (HS-10), 'Meat ...' (HS-02), 'Edible fruit ...' (HS-08) and 'Other made-up textile articles ...' (HS-63) among others. The Common External Tariff (CET) of the GCC currently ranges between 0.0 to 5.0 percent on most goods and thus, a potential FTA between Pakistan and the GCC might not greatly benefit Pakistan if only trade in goods is a part of the FTA.

Pakistan's exports of 'Meat ...' (HS-02), 'Edible fruit ...' (HS-08), 'Mineral fuels ...' (HS-27) and 'Edible vegetables ...' (HS-07) to the GCC had CAGRs of 17.7 percent, 34.4 percent, 29.0 percent and 41.3 percent, respectively, for the 2017-2020 period.

In 2020 at HS-02, Pakistan's top 5 exports to the GCC contributed 48.2 percent to Pakistan's total exports to the GCC.

Table 13: Pakistan's Top 10 Export Products to GCC at HS-02 Level (2017-2020)

		*All Values in US\$, Billions				Change (%) 2019- 2020	CAGR (%) 2017- 2020	% Share 2020
HS-Code	Product Label	2017	2018	2019	2020			
TOTAL	All products	1,522.95	1,708.11	2,072.93	2,006.12	-3.22	9.62	100.00
10	Cereals	347.49	314.08	469.28	334.66	-28.69	-1.25	16.68
02	Meat and edible meat offal	162.06	194.05	247.33	264.39	6.90	17.72	13.18
08	Edible fruit and nuts; peel of citrus fruit or melons	54.34	80.55	108.42	132.00	21.74	34.42	6.58
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	123.01	112.37	125.37	128.22	2.27	1.39	6.39
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	49.78	140.60	168.07	106.75	-36.49	28.95	5.32
62	Articles of apparel and clothing accessories, not knitted or crocheted	87.71	91.26	93.96	101.03	7.53	4.83	5.04
07	Edible vegetables and certain roots and tubers	30.08	68.29	72.66	84.90	16.85	41.32	4.23
03	Fish and crustaceans, molluscs and other aquatic invertebrates	60.10	52.66	62.41	71.36	14.34	5.90	3.56
61	Articles of apparel and clothing accessories, knitted or crocheted	59.08	77.77	64.05	65.92	2.92	3.72	3.29
22	Beverages, spirits and vinegar	14.39	13.15	17.66	48.31	173.50	49.74	2.41

Source: ITC, Trade Map

The table below shows the top 25 export products of Pakistan to the GCC at HS-06 level for the 2017-2020 period. The top products consisted mainly of ‘Milled rice ...’ (HS-100630), ‘Carcases of bovine animals ...’ (HS-020110) and ‘Petroleum oils ...’ (HS-270900) among others.

In 2020 at HS-06, Pakistan’s top 5 exports to the GCC contributed 34.5 percent to Pakistan’s total exports to the GCC.

Table 14: Pakistan's Top 25 Export Products to GCC at HS-06 Level (2017-2020)

		*All Values in US\$, Billions				Change (%) 2019-2020	CAGR (%) 2017- 2020	% Share 2020
HS-Code	Product Label	2017	2018	2019	2020			
TOTAL	All products	1,522.95	1,708.11	2,072.93	2,006.12	-3.22	9.62	100.00
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	337.99	274.99	435.23	327.01	-24.87	-1.09	16.30
020110	Carcases or half-carcases of bovine animals, fresh or chilled	110.45	155.27	183.87	187.44	1.94	19.28	9.34
270900	Petroleum oils and oils obtained from bituminous minerals, crude	46.23	137.84	150.35	80.29	-46.60	20.20	4.00
080450	Fresh or dried guavas, mangoes and mangosteens	24.41	44.21	47.47	48.96	3.14	26.11	2.44
999999	Commodities not elsewhere specified	0.07	0.03	0.05	47.57	103,304.35	801.14	2.37
620322	Men's or boys' ensembles of cotton (excluding knitted or crocheted, ski ensembles and swimwear)	30.98	34.44	46.87	43.26	-7.71	11.77	2.16
070310	Fresh or chilled onions and shallots	3.67	24.21	14.03	36.32	158.91	114.79	1.81
121300	Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form ...	17.71	20.42	26.61	36.14	35.78	26.84	1.80
080410	Fresh or dried dates	0.24	0.35	22.43	33.39	48.88	418.91	1.66
630629	Tents of textile materials (excluding of synthetic fibres, and umbrella and play tents)	21.57	24.26	28.69	33.38	16.36	15.67	1.66
070190	Fresh or chilled potatoes (excluding seed)	15.45	32.19	46.11	32.51	-29.49	28.13	1.62
091091	Mixtures of different types of spices	31.50	29.20	26.79	30.37	13.36	-1.21	1.51
080529	Fresh or dried wilkings and similar citrus hybrids	1.49	15.22	14.35	30.20	110.40	172.65	1.51
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	25.52	23.59	26.22	28.30	7.93	3.51	1.41
220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	10.26	6.99	10.51	27.19	158.76	38.39	1.36
020410	Fresh or chilled lamb carcasses and half-carcasses	3.76	4.61	6.41	27.09	322.31	93.18	1.35
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	3.55	1.64	17.54	26.38	50.35	95.18	1.31

Table 14: Pakistan's Top 25 Export Products to GCC at HS-06 Level (2017-2020)

*All Values in US\$, Billions								
HS-Code	Product Label	2017	2018	2019	2020	Change (%) 2019-2020	CAGR (%) 2017- 2020	% Share 2020
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	26.83	25.49	26.76	25.29	-5.50	-1.95	1.26
220720	Denatured ethyl alcohol and other spirits of any strength	4.01	6.08	7.02	21.01	199.43	73.66	1.05
551219	Woven fabrics containing >= 85% polyester staple fibres by weight, dyed, made of yarn of different ...	9.22	10.61	19.51	19.24	-1.35	27.79	0.96
030339	Frozen flat fish "Pleuronectidae, Bothidae, Cynoglossidae, Soleidae, Scophthalmidae and Citharidae" ...	19.69	18.33	31.08	17.23	-44.55	-4.35	0.86
420329	Gloves, mittens and mitts, of leather or composition leather (excluding special sports gloves)	17.44	18.59	15.66	15.39	-1.71	-4.09	0.77
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	24.32	27.01	13.30	15.38	15.67	-14.16	0.77
240220	Cigarettes, containing tobacco	0.37	0.00	1.36	14.52	969.93	241.36	0.72
611710	Shawls, scarves, mufflers, mantillas, veils and the like, knitted or crocheted	8.84	7.95	12.85	14.35	11.66	17.52	0.72

Source: ITC, Trade Map

The table below shows Pakistan's export of 'Milled rice ...' (HS-100630) to the individual GCC countries for the 2017-2020 period.

Table 15: Pakistan's Export of 'Milled rice ...' (HS-100630) to GCC Countries (2017-2020)

*All Values in US\$, Billions							
Importers	2017	2018	2019	2020	Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
Gulf Cooperation Council (GCC) Aggregation	337.99	274.99	435.23	327.01	-24.87	-1.09	100.00
United Arab Emirates	173.97	119.15	229.92	142.92	-37.84	-6.34	43.70
Saudi Arabia	64.41	66.09	102.30	95.98	-6.18	14.22	29.35
Oman	64.13	61.15	66.90	64.59	-3.45	0.24	19.75
Bahrain	13.39	11.34	16.61	10.48	-36.93	-7.86	3.20
Qatar	17.64	12.72	14.95	10.20	-31.78	-16.70	3.12
Kuwait	4.44	4.54	4.56	2.85	-37.43	-13.71	0.87

Source: ITC, Trade Map

The table below shows Pakistan's export of 'Carcases of bovine animals ...' (HS-020110) to the individual GCC countries for the 2017-2020 period.

Table 16: Pakistan's Export of 'Carcases of bovine animals ...' (HS-020110) to GCC Countries (2017-2020)

Importers	*All Values in US\$, Billions				Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
	2017	2018	2019	2020			
Gulf Cooperation Council (GCC) Aggregation	110.45	155.27	183.87	187.44	1.94	19.28	100.00
United Arab Emirates	44.37	75.60	94.38	89.55	-5.12	26.38	47.78
Kuwait	26.21	33.21	34.20	34.91	2.09	10.03	18.63
Saudi Arabia	26.58	25.28	30.84	27.54	-10.69	1.20	14.70
Qatar	3.65	5.42	8.94	15.39	72.23	61.61	8.21
Bahrain	3.97	9.56	7.73	13.56	75.36	50.64	7.24
Oman	5.68	6.19	7.78	6.47	-16.81	4.42	3.45

Source: ITC, Trade Map

Top Exports at HS-06 – Growth Rate Method

Table 17 shows the top 25 export products of Pakistan to GCC at HS-06 level, sorted in descending order as per CAGR for the 2017-2020 period. The selected products also had an export value of at least US\$ 10.0 Million in 2020.

Pakistan's export of 'Commodities n.e.s' (HS-999999) to GCC had a CAGR of 801.1 percent for the 2017-2020 period.

In 2020 at HS-06, the top 25 exports with the highest growths contributed 43.0 percent to Pakistan's total exports to GCC.

Table 17: Pakistan's Top 25 Export Products to GCC at HS-06 Level (2017-2020) - Growth Rate Method

*All Values in US\$, Billions								
HS-Code	Product Label	2017	2018	2019	2020	Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
TOTAL	All products	1,522.95	1,708.11	2,072.93	2,006.12	-3.22	9.62	100.00
999999	Commodities not elsewhere specified	0.07	0.03	0.05	47.57	103,304.35	801.14	2.37
080410	Fresh or dried dates	0.24	0.35	22.43	33.39	48.88	418.91	1.66
020120	Fresh or chilled bovine cuts, with bone in (excluding carcasses and 1/2 carcasses)	0.20	1.93	9.00	13.07	45.25	306.15	0.65
720421	Waste and scrap of stainless steel (excluding radioactive, and waste and scrap of batteries ...)	0.22	1.30	7.02	13.65	94.43	297.04	0.68
240220	Cigarettes, containing tobacco	0.37	0.00	1.36	14.52	969.93	241.36	0.72
080529	Fresh or dried wilkings and similar citrus hybrids	1.49	15.22	14.35	30.20	110.40	172.65	1.51
070310	Fresh or chilled onions and shallots	3.67	24.21	14.03	36.32	158.91	114.79	1.81
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	3.55	1.64	17.54	26.38	50.35	95.18	1.31
020410	Fresh or chilled lamb carcasses and half-carcasses	3.76	4.61	6.41	27.09	322.31	93.18	1.35
220720	Denatured ethyl alcohol and other spirits of any strength	4.01	6.08	7.02	21.01	199.43	73.66	1.05
220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	10.26	6.99	10.51	27.19	158.76	38.39	1.36
070190	Fresh or chilled potatoes (excluding seed)	15.45	32.19	46.11	32.51	-29.49	28.13	1.62
551219	Woven fabrics containing >= 85% polyester staple fibres by weight, dyed, made of yarn of different ...	9.22	10.61	19.51	19.24	-1.35	27.79	0.96
121300	Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form ...	17.71	20.42	26.61	36.14	35.78	26.84	1.80
080450	Fresh or dried guavas, mangoes and mangosteens	24.41	44.21	47.47	48.96	3.14	26.11	2.44
210690	Food preparations, n.e.s.	6.72	6.09	6.53	12.90	97.61	24.25	0.64
270900	Petroleum oils and oils obtained from bituminous minerals, crude	46.23	137.84	150.35	80.29	-46.60	20.20	4.00
020110	Carcasses or half-carcasses of bovine animals, fresh or chilled	110.45	155.27	183.87	187.44	1.94	19.28	9.34
611710	Shawls, scarves, mufflers, mantillas, veils and the like, knitted or crocheted	8.84	7.95	12.85	14.35	11.66	17.52	0.72
630629	Tents of textile materials (excluding of synthetic fibres, and umbrella and play tents)	21.57	24.26	28.69	33.38	16.36	15.67	1.66

Table 17: Pakistan's Top 25 Export Products to GCC at HS-06 Level (2017-2020) - Growth Rate Method

		*All Values in US\$, Billions						
HS-Code	Product Label	2017	2018	2019	2020	Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
620322	Men's or boys' ensembles of cotton (excluding knitted or crocheted, ski ensembles and swimwear)	30.98	34.44	46.87	43.26	-7.71	11.77	2.16
761510	Table, kitchen or other household articles and parts thereof, and pot scourers and scouring ...	9.47	9.25	11.33	10.75	-5.10	4.31	0.54
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	25.52	23.59	26.22	28.30	7.93	3.51	1.41
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	10.10	8.91	11.55	10.91	-5.53	2.59	0.54
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	12.89	12.58	13.06	13.68	4.77	2.01	0.68

Source: ITC, Trade Map

Pakistan's Top Imports from the GCC

Table 18 shows the top 10 import products of Pakistan from the GCC at HS-02 level for the 2017-2020 period. The top products consisted mainly of 'Mineral fuels ...' (HS-27), 'Plastics ...' (HS-39), 'Organic chemicals' (HS-29) and 'Iron and steel' (HS-72) among others. Pakistan's overall average applied tariff was 15.6 percent in 2020. Hence, a potential FTA between Pakistan and the GCC might benefit GCC more than it benefits Pakistan if only trade in goods is part of the FTA.

Pakistan's import of 'Mineral fuels ...' (HS-27) from the GCC fell by US\$ 3.8 Billion in the 2017-2020 period. This decrease in import value was caused by a general decline in the international prices even though the quantities imported by Pakistan increased during the same period.

According to International Trade Center's Trade Map, GCC's share in Pakistan's imports of 'Mineral fuels ...' (HS-27) from the world decreased from 80.1 percent in 2017 to 72.8 percent in 2019 finally falling to 69.6 percent amid the pandemic in 2020. However, Pakistan's imports of 'Mineral fuels ...' (HS-27) from the world also fell from US\$ 13.7 Billion to US\$ 10.3 Billion in the 2017-2020 period. It should be noted that GCC retained an average share of 75.2 percent in Pakistan's import of 'Mineral fuels ...' (HS-27) from the world for the 2017-2020 period.

Further in 2020, Pakistan's import of 'Mineral fuels ...' (HS-27) from the GCC contributed 74.5 percent to Pakistan's total imports from the GCC.

Pakistan imports 'Mineral fuels ...' (HS-27) from the GCC in huge quantities and is expected to do so in the near future regardless of the signing of the Proposed Pakistan-GCC FTA as there are hardly any competitors of GCC in Pakistan's market for the said product.

Table 18: Pakistan's Top 10 Import Products from GCC at HS-02 Level (2017-2020)

*All Values in US\$, Billions								
HS-Code	Product Label	2017	2018	2019	2020	Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
TOTAL	All products	14,104.31	16,639.52	12,872.74	9,638.98	-25.12	-11.92	100.00
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	11,003.79	13,446.35	10,495.99	7,177.20	-31.62	-13.28	74.46
39	Plastics and articles thereof	1,053.29	1,109.58	967.37	1,007.82	4.18	-1.46	10.46
29	Organic chemicals	680.34	783.15	603.35	505.58	-16.20	-9.42	5.25
72	Iron and steel	383.71	409.79	359.49	393.70	9.52	0.86	4.08
38	Miscellaneous chemical products	70.50	63.25	59.02	81.38	37.88	4.90	0.84
17	Sugars and sugar confectionery	1.70	1.18	1.10	79.77	7,125.36	260.40	0.83
76	Aluminium and articles thereof	111.57	75.74	49.58	48.82	-1.53	-24.08	0.51
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	69.37	69.68	48.24	48.75	1.07	-11.09	0.51
89	Ships, boats and floating structures	109.02	205.96	10.33	41.96	306.36	-27.26	0.44
31	Fertilisers	114.75	45.25	33.65	38.26	13.68	-30.66	0.40

Source: ITC, Trade Map

Table 19 shows the top 25 import products of Pakistan from the GCC at HS-06 level for the 2017-2020 period. The top products consisted mainly of 'Petroleum oils ...' (HS-270900), 'Light oils ...' (HS-271012), 'Natural gas, liquefied' (HS-271111) and 'Medium oils ...' (HS-271019) among others.

Pakistan's imports of 'Petroleum oils ...' (HS-270900), 'Light oils ...' (HS-271012), 'Natural gas, liquefied' (HS-271111) and 'Medium oils ...' (HS-271019) from the GCC experienced decreases of 44.6 percent, 25.1 percent, 34.2 percent and 14.1 percent, respectively, for the 2019-2020 period. According to (Sareen, 2020), a decrease in Petroleum, Oil and Lubricants (POL) prices amid the covid-19 pandemic was a relief for Pakistan as it reduced pressure on the balance of payments and reduced the oil import bill. This decrease in prices amid the pandemic was significantly higher if compared to the decrease in prices in the 2017-2020 period explaining the larger decrease in Pakistan's import values in the 2019-2020 period.

In 2020 at HS-06, the top 4 imports, which fall under 'Mineral fuels ...' (HS-27), contributed 72.6 percent to Pakistan's total imports from the GCC.

Table 19: Pakistan's Top 25 Import Products from GCC at HS-06 Level (2017-2020)

HS-Code	Product Label	*All Values in US\$, Billions				Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
		2017	2018	2019	2020			
TOTAL	All products	14,104.31	16,639.52	12,872.74	9,638.98	-25.12	-11.92	100.00
270900	Petroleum oils and oils obtained from bituminous minerals, crude	3,139.63	4,912.37	3,913.91	2,169.25	-44.58	-11.59	22.50
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	2,169.32	3,244.97	2,529.62	1,894.21	-25.12	-4.42	19.65
271111	Natural gas, liquefied	1,399.66	2,212.59	2,252.71	1,482.42	-34.19	1.93	15.38
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	4,155.63	2,893.31	1,691.74	1,453.48	-14.08	-29.54	15.08
390210	Polypropylene, in primary forms	369.69	417.51	378.59	429.58	13.47	5.13	4.46
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	289.75	310.95	266.68	269.53	1.07	-2.38	2.80
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	259.90	260.45	228.67	227.77	-0.39	-4.30	2.36
390120	Polyethylene with a specific gravity of >= 0,94, in primary forms	287.23	261.23	195.41	193.78	-0.83	-12.29	2.01
290243	P-Xylene	204.91	203.57	220.44	174.70	-20.75	-5.18	1.81
271119	Gaseous hydrocarbons, liquefied, n.e.s. (excluding natural gas, propane, butane, ethylene, ...	129.99	88.34	78.46	164.06	109.11	8.07	1.70
290531	Ethylene glycol "ethanediol"	283.19	333.42	213.80	149.53	-30.06	-19.17	1.55
170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...	0.53	0.37	0.70	79.41	11,293.11	430.80	0.82
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	59.29	73.46	65.68	75.89	15.53	8.57	0.79
390230	Propylene copolymers, in primary forms	69.73	76.48	79.22	72.76	-8.15	1.43	0.75
381700	Mixed alkylbenzenes and mixed alkyl naphthalenes produced by the alkylation of benzene and naphthalene ...	57.11	47.61	45.58	58.18	27.65	0.62	0.60
890800	Vessels and other floating structures for breaking up	108.16	205.60	9.90	41.89	323.33	-27.10	0.43
290511	Methanol "methyl alcohol"	45.37	59.17	49.71	37.52	-24.51	-6.13	0.39
310530	Diammonium hydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar ...	95.19	0.00	0.00	35.70	-	-27.88	0.37
290121	Ethylene	45.34	54.96	20.08	34.96	74.08	-8.31	0.36

Table 19: Pakistan's Top 25 Import Products from GCC at HS-06 Level (2017-2020)

		*All Values in US\$, Billions				Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
HS-Code	Product Label	2017	2018	2019	2020			
290250	Styrene	38.96	46.92	20.54	28.73	39.89	-9.65	0.30
760110	Aluminium, not alloyed, unwrought	47.91	20.82	15.93	27.26	71.20	-17.13	0.28
290516	Octanol "octyl alcohol" and isomers thereof	26.24	31.98	32.94	23.77	-27.83	-3.24	0.25
720310	Ferrous products obtained by direct reduction of iron ore, in lumps, pellets or similar forms	0.00	0.43	9.27	18.77	102.55	-	0.19
390720	Polyethers, in primary forms (excluding polyacetals and goods of 3002 10)	2.45	25.82	22.13	18.01	-18.59	94.59	0.19
290315	Ethylene dichloride "ISO" "1,2 dichloroethane"	3.52	14.01	13.39	17.90	33.70	71.99	0.19

Source: ITC, Trade Map

The table below shows Pakistan's import of 'Mineral fuels ...' (HS-27) from the GCC countries for the 2017-2020 period.

In 2020, the UAE had a market share of 49.8 percent for 'Mineral fuels ...' (HS-27) in Pakistan while Qatar, Saudi Arabia and Kuwait had a combined market share of 42.7 percent.

Table 20: Pakistan's Import of 'Mineral fuels ...' (HS-27) from GCC Countries (2017-2020)

	*All Values in US\$, Billions				Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
Exporters	2017	2018	2019	2020			
Gulf Cooperation Council (GCC) Aggregation	11,003.79	13,446.35	10,495.99	7,177.20	-31.62	-13.28	100.00
United Arab Emirates	6,389.50	7,408.05	5,535.38	3,576.49	-35.39	-17.59	49.83
Qatar	1,411.39	2,188.32	2,047.20	1,341.52	-34.47	-1.68	18.69
Saudi Arabia	1,476.67	2,027.85	1,471.73	892.50	-39.36	-15.45	12.44
Kuwait	1,129.21	1,087.70	950.37	831.94	-12.46	-9.68	11.59
Oman	553.51	691.48	489.85	524.20	7.01	-1.80	7.30
Bahrain	43.51	42.95	1.47	10.56	620.89	-37.62	0.15

Source: ITC, Trade Map

Top Imports at HS-06 – Growth Rate Method

The table below shows the top 25 import products of Pakistan from GCC at HS-06 level, sorted in descending order according to the CAGR for the 2017-2020 period. The selected products also had an import value of at least US\$ 10.0 Million in 2020.

In 2020 at HS-06, the top 25 imports with the highest growths contributed 79.7 percent to Pakistan's total imports from GCC.

Table 21: Pakistan's Top 25 Import Products from GCC at HS-06 Level (2017-2020) - Growth Rate Method

		*All Values in US\$, Billions				Change (%) 2019- 2020	CAGR (%) 2017- 2020	% Share 2020
HS-Code	Product Label	2017	2018	2019	2020			
TOTAL	All products	14,104.31	16,639.52	12,872.74	9,638.98	-25.12	-11.92	100.00
170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...	0.53	0.37	0.70	79.41	11,293.11	430.80	0.82
382499	Chemical products and preparations of the chemical or allied industries, incl. those consisting ...	1.19	3.59	5.39	14.16	162.93	128.62	0.15
390720	Polyethers, in primary forms (excluding polyacetals and goods of 3002 10)	2.45	25.82	22.13	18.01	-18.59	94.59	0.19
290315	Ethylene dichloride "ISO" "1,2 dichloroethane"	3.52	14.01	13.39	17.90	33.70	71.99	0.19
847130	Data-processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a ...	4.30	4.80	8.37	10.72	28.10	35.62	0.11
720430	Waste and scrap of tinned iron or steel (excluding radioactive, and waste and scrap of batteries ...	9.57	7.11	8.87	13.06	47.19	10.92	0.14
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	59.29	73.46	65.68	75.89	15.53	8.57	0.79
271119	Gaseous hydrocarbons, liquefied, n.e.s. (excluding natural gas, propane, butane, ethylene, ...	129.99	88.34	78.46	164.06	109.11	8.07	1.70
390210	Polypropylene, in primary forms	369.69	417.51	378.59	429.58	13.47	5.13	4.46
271111	Natural gas, liquefied	1,399.66	2,212.59	2,252.71	1,482.42	-34.19	1.93	15.38
390230	Propylene copolymers, in primary forms	69.73	76.48	79.22	72.76	-8.15	1.43	0.75
381700	Mixed alkylbenzenes and mixed alkyl-naphthalenes produced by the alkylation of benzene and naphthalene ...	57.11	47.61	45.58	58.18	27.65	0.62	0.60

Table 21: Pakistan's Top 25 Import Products from GCC at HS-06 Level (2017-2020) - Growth Rate Method

		*All Values in US\$, Billions				Change (%) 2019-2020	CAGR (%) 2017-2020	% Share 2020
HS-Code	Product Label	2017	2018	2019	2020			
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	289.75	310.95	266.68	269.53	1.07	-2.38	2.80
290516	Octanol "octyl alcohol" and isomers thereof	26.24	31.98	32.94	23.77	-27.83	-3.24	0.25
390190	Polymers of ethylene, in primary forms (excluding polyethylene and ethylene-vinyl acetate ...	13.15	14.90	10.65	11.65	9.46	-3.95	0.12
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	259.90	260.45	228.67	227.77	-0.39	-4.30	2.36
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	2,169.32	3,244.97	2,529.62	1,894.21	-25.12	-4.42	19.65
290243	P-Xylene	204.91	203.57	220.44	174.70	-20.75	-5.18	1.81
290511	Methanol "methyl alcohol"	45.37	59.17	49.71	37.52	-24.51	-6.13	0.39
290121	Ethylene	45.34	54.96	20.08	34.96	74.08	-8.31	0.36
290250	Styrene	38.96	46.92	20.54	28.73	39.89	-9.65	0.30
270900	Petroleum oils and oils obtained from bituminous minerals, crude	3,139.63	4,912.37	3,913.91	2,169.25	-44.58	-11.59	22.50
390120	Polyethylene with a specific gravity of >= 0,94, in primary forms	287.23	261.23	195.41	193.78	-0.83	-12.29	2.01
760110	Aluminium, not alloyed, unwrought	47.91	20.82	15.93	27.26	71.20	-17.13	0.28
290531	Ethylene glycol "ethanediol"	283.19	333.42	213.80	149.53	-30.06	-19.17	1.55

Source: ITC, Trade Map

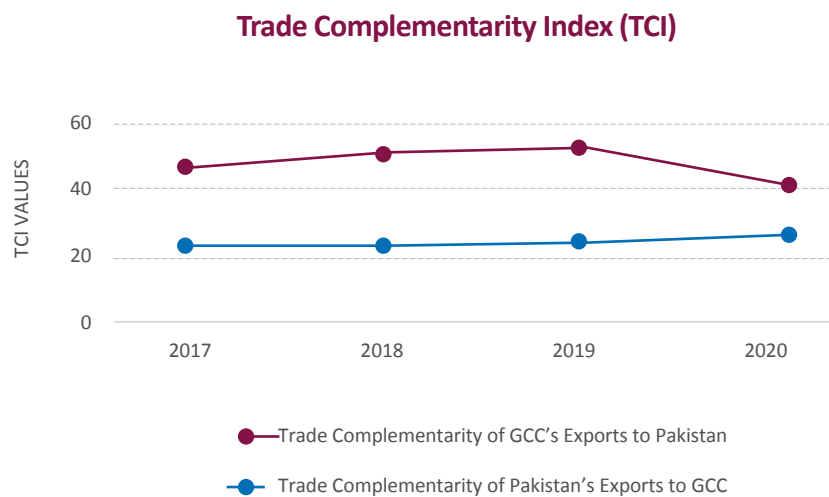


Trade Complementarity

Trade Complementarity index shows the extent to which the export profile of the exporter complements the import profile of the partner. A high index may indicate that the exporter would stand to gain from increased trade.

The figure below shows that GCC's exports match Pakistan's imports more closely relative to Pakistan's exports with GCC's imports for the 2017-2020 period. Trade complementarity of Pakistan's exports to GCC increased from 23.4 to 26.8 while the trade complementarity of GCC's exports to Pakistan decreased from 47.6 to 42.0 for the said period.

Figure 3:
Trade Complementarity Index - Pakistan and GCC (2017-2020)



Source: ITC Trade Map



Trade Potential

The indicative trade potential is calculated by subtracting 'exporter country's exports to the importer country' from either 'exporter country's global exports' or 'importer country's global imports' depending on which value is lower of the two. This accurately takes into account the domestic demand of the importer country and matches it with exporter country's global exports to derive the country specific bilateral export potential between the exporter and importer countries. This is however a theoretical number which does not take into account consumer preferences or distance between the two countries.

The intensive margin of exports is defined as the opportunities for the growth of exports in goods that are already being exported whereas the extensive margin of exports is the opportunity for growth of exports in new categories.

The top potential export sectors for both Pakistan and the GCC, with products sorted at HS-06 level, have been identified using this method.

Pakistan's Potential to Export to the GCC

Pakistan's Potential 'Fruits & Vegetable Products' (HS-06 – HS-14) Exports

Table 22 shows the top 10 potential fruits & vegetable products exports of Pakistan to GCC at HS-06 level in 2020. The total export potential of Pakistan to GCC for the top 10 potential fruits & vegetable products at HS-06 level was US\$ 1.6 Billion while the actual exports were US\$ 519.1 Million in 2020. Actualizing the export potential for fruits and vegetables can considerably increase exports and foreign exchange earnings, create employment and lessen the trade deficit for Pakistan. Value chain and infrastructural development are also pre-requisites to increasing the export competitiveness of fruits and vegetables from the country.

Table 22: Pakistan's Top 10 Potential 'Fruits & Vegetable Products' Exports to GCC at HS-06 Level (2020)

*All Values in US\$, Millions					
HS-Code	Product Label	Pakistan's Exports to GCC 2020	GCC Imports from World 2020	Pakistan's Exports to World 2020	Export Potential 2020
TOTAL	Top 10 Potential Fruits & Vegetable Exports	519.07	4,037.93	2,372.35	1,627.89
Intensive Margin					
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	327.01	2,619.93	1,532.88	1,205.87
070310	Fresh or chilled onions and shallots	36.32	298.20	124.03	87.71
100620	Husked or brown rice	0.52	81.81	307.20	81.29
080450	Fresh or dried guavas, mangoes and mangosteens	48.96	207.33	101.46	52.49
091091	Mixtures of different types of spices	30.37	88.51	72.76	42.39
120740	Sesamum seeds, whether or not broken	0.88	198.82	39.62	38.74
070190	Fresh or chilled potatoes (excluding seed)	32.51	126.47	68.40	35.90
080521	Fresh or dried mandarins incl. tangerines and satsumas (excl. clementines)	9.11	66.55	41.85	32.74
080410	Fresh or dried dates	33.39	171.69	60.26	26.87
Extensive Margin					
080390	Fresh or dried bananas (excluding plantains)	0.00	178.61	23.90	23.90

Source: ITC, Trade Map

Pakistan's Potential Textile Exports

Table 23 shows the top 10 potential textile export products of Pakistan to GCC at HS-06 level in 2020. The total export potential of Pakistan to GCC for the top 10 potential textile products at HS-06 level was US\$ 1.3 Billion while the actual exports were only US\$ 58.4 Million in 2020.

Pakistan's combined intensive margin of export of 'T-shirts ...' (HS-610910 and HS-610990), 'Men's or boys' shirts ...' (HS-610510), 'Jerseys ...' (HS-611020) and 'Men's or boys' underpants ...' (HS-610711) to GCC, which all fall under 'Articles of apparel and clothing accessories ...' (HS-61), was US\$ 633.4 Million while the actual exports were only US\$ 10.0 Million in 2020.

Table 23: Pakistan's Top 10 Potential Textile Export Products to GCC at HS-06 Level (2020)

*All Values in US\$, Millions					
HS-Code	Product Label	Pakistan's Exports to GCC 2020	GCC Imports from World 2020	Pakistan's Exports to World 2020	Export Potential 2020
TOTAL	Top 10 Potential Textile Exports	58.44	2,369.12	2,167.88	1,290.29
Intensive Margin					
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	5.69	757.79	252.61	246.92
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	15.38	260.28	327.15	244.90
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	1.30	328.70	154.20	152.89
630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles ...	5.10	151.45	198.43	146.36
610510	Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets ...	2.14	120.23	106.74	104.60
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	25.29	123.28	776.51	97.99
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding ...	0.82	147.26	89.35	88.53
620349	Men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials (excluding ...	1.87	81.02	133.09	79.16
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	0.76	297.53	66.81	66.06
610711	Men's or boys' underpants and briefs of cotton, knitted or crocheted	0.09	101.58	62.98	62.89

Source: ITC, Trade Map

Pakistan's Potential 'Optical ...' (HS-90, HS-91 and HS-92) Exports

The table below shows Pakistan's potential exports of 'Optical ...' (HS-90, HS-91 and HS-92) to GCC at HS-06 level in 2020. The total export potential of Pakistan to GCC for all potential 'Optical ...' (HS-90, HS-91 and HS-92) products at HS-06 level was US\$ 367.5 Million while the actual exports were only US\$ 16.2 Million in 2020.

Table 24: Pakistan's Top Potential 'Optical ...' (HS-90, HS-91 and HS-92) Export Products to GCC at HS-06 Level (2020)

*All Values in US\$, Millions					
HS-Code	Product Label	Pakistan's Exports to GCC 2020	GCC Imports from World 2020	Pakistan's Exports to World 2020	Export Potential 2020
TOTAL	All Potential 'Optical ...' (HS-90, HS-91 and HS-92) Exports	16.25	8,662.49	383.77	367.52
Intensive Margin					
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	13.68	901.96	361.30	347.62

Source: ITC, Trade Map

Pakistan's Potential 'Foodstuffs, Beverages, Spirits & Vinegar and Tobacco' (HS-16 – HS-24) Exports

Table 25 shows the top 10 potential export products of Pakistan to GCC in the product categories covering HS-16 to HS-24 at HS-06 level in 2020. The total export potential of Pakistan to GCC for the top 10 potential products at HS-06 level was US\$ 270.2 Million while the actual exports were US\$ 81.1 Million in 2020.

Pakistan's intensive margin of exports of 'Undenatured ethyl alcohol ...' (HS-220710), 'Food preparations, n.e.s.' (HS-210690) and 'Chewing gum ...' (HS-170410) to GCC was US\$ 69.8 Million, US\$ 35.8 Million and US\$ 30.7 Million while the actual exports were US\$ 27.2 Million, US\$ 12.9 Million and US\$ 3.7 Million, respectively, in 2020.

Pakistan's extensive margin for export of 'Flours ...' (HS-230120) to GCC at HS-06 level was US\$ 19.8 Million in 2020.

Table 25: Pakistan's Top 10 Potential 'Foodstuffs, Beverages, Spirits & Vinegar and Tobacco' Export Products to GCC at HS-06 Level (2020)

*All Values in US\$, Millions					
HS-Code	Product Label	Pakistan's Exports to GCC 2020	GCC Imports from World 2020	Pakistan's Exports to World 2020	Export Potential 2020
TOTAL	Top 10 Potential Foodstuffs, Beverages, Spirits & Vinegar and Tobacco Exports	81.08	3,341.13	582.21	270.25
Intensive Margin					
220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	27.19	97.03	303.61	69.84
210690	Food preparations, n.e.s.	12.90	1,432.58	48.69	35.80
170410	Chewing gum, whether or not sugar-coated	3.71	56.23	34.44	30.72
170490	Sugar confectionery not containing cocoa, incl. white chocolate (excluding chewing gum)	4.20	356.65	29.49	25.29
220720	Denatured ethyl alcohol and other spirits of any strength	21.01	106.06	42.79	21.78
240120	Tobacco, partly or wholly stemmed or stripped, otherwise unmanufactured	3.03	168.20	23.56	20.53
170230	Glucose in solid form and glucose syrup, not containing added flavouring or colouring matter ...	0.02	16.39	37.95	16.37
190590	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion ...	4.63	729.24	20.28	15.65
190531	Sweet biscuits	4.39	358.92	18.84	14.45
Extensive Margin					
230120	Flours, meals and pellets of fish or crustaceans, molluscs or other aquatic invertebrates, ...	0.00	19.83	22.56	19.83

Source: ITC, Trade Map

Pakistan's Potential Chemical or Allied Industries Exports

The table below shows the top 10 potential chemical or allied industries export products of Pakistan to GCC at HS-06 level in 2020. The total export potential of Pakistan to GCC for the top 10 potential chemical or allied industries products at HS-06 level was US\$ 261.8 Million while the actual exports were only US\$ 9.3 Million in 2020.

Pakistan's intensive margin of export of 'Medicaments ...' (HS-300490, HS-300439, HS-300420, HS-300339 and HS-300390), which falls under 'Pharmaceutical products' (HS-30), to GCC was US\$ 210.0 Million while the actual exports were only US\$ 7.1 Million in 2020.

Table 26: Pakistan's Top 10 Potential Chemical or Allied Industries Export Products to GCC at HS-06 Level (2020)

*All Values in US\$, Millions					
HS-Code	Product Label	Pakistan's Exports to GCC 2020	GCC Imports from World 2020	Pakistan's Exports to World 2020	Export Potential 2020
TOTAL	Top 10 Potential Chemical or Allied Industries Exports	9.34	7,955.54	271.14	261.80
Intensive Margin					
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	4.04	6,504.46	105.61	101.57
300439	Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ...	1.11	225.57	72.06	70.95
340111	Soap and organic surface-active products and preparations, in the form of bars, cakes, moulded ...	0.14	251.21	16.27	16.13
300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal ...	1.43	367.91	16.42	15.00
300339	Medicaments containing hormones or steroids used as hormones, not containing antibiotics, not ...	0.21	25.61	13.39	13.18
320810	Paints and varnishes, incl. enamels and lacquers, based on polyesters, dispersed or dissolved ...	0.05	43.23	10.68	10.63
300390	Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic ...	0.36	54.77	9.70	9.34
382499	Chemical products and preparations of the chemical or allied industries, incl. those consisting ...	0.27	376.44	9.55	9.28
350300	Gelatin, whether or not in square or rectangular sheets, whether or not surface-worked or coloured, ...	0.54	12.24	9.39	8.85
283620	Disodium carbonate	1.20	94.10	8.07	6.86

Source: ITC, Trade Map

Pakistan's Potential Metal Exports

The table below shows the top 10 potential metal export products of Pakistan to GCC at HS-06 level in 2020. The total export potential of Pakistan to GCC for the top 10 potential metal products at HS-06 level was US\$ 235.0 Million while the actual exports were only US\$ 18.9 Million in 2020.

For the top 10 potential metal export products at HS-06, Pakistan's total intensive margin of export to GCC was US\$ 115.6 Million while its total extensive margin of export to GCC was US\$ 119.4 Million in 2020.

Table 27: Pakistan's Top 10 Potential Metal Export Products to GCC at HS-06 Level (2020)

*All Values in US\$, Millions					
HS-Code	Product Label	Pakistan's Exports to GCC 2020	GCC Imports from World 2020	Pakistan's Exports to World 2020	Export Potential 2020
TOTAL	Top 10 Potential Metal Exports	18.94	1,575.96	295.46	235.03
Intensive Margin					
721049	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	4.51	395.07	40.65	36.14
730690	Tubes, pipes and hollow profiles "e.g., open seam, riveted or similarly closed", of iron or ...	0.73	74.49	24.82	24.10
720917	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	0.41	146.58	18.66	18.26
740400	Waste and scrap, of copper (excluding ingots or other similar unwrought shapes, of remelted ...	1.12	85.65	14.78	13.66
821420	Manicure or pedicure sets and instruments, incl. nail files, of base metal (excluding ordinary ...	1.42	13.51	55.01	12.09
761510	Table, kitchen or other household articles and parts thereof, and pot scourers and scouring ...	10.75	214.55	22.12	11.37
Extensive Margin					
740200	Copper, unrefined; copper anodes for electrolytic refining	0.00	104.12	66.40	66.40
740710	Bars, rods and profiles, of refined copper, n.e.s.	0.00	73.39	22.29	22.29
760120	Unwrought aluminium alloys	0.00	368.64	17.37	17.37
761290	Casks, drums, cans, boxes and similar containers, incl. rigid tubular containers, of aluminium, ...	0.00	99.98	13.36	13.36

Source: ITC, Trade Map

GCC's Potential to Export to Pakistan

GCC's Potential Mineral Exports

The table below shows the top 10 potential mineral products exports of GCC to Pakistan at HS-06 level in 2020. The total export potential of GCC to Pakistan for the top 10 potential mineral products at HS-06 level was US\$ 4.8 Billion while the actual exports were US\$ 4.1 Billion in 2020.

The products with an intensive margin of export fall under 'Mineral fuels ...' (HS-27). GCC's intensive margin of export of 'Natural gas, liquefied' (HS-271111) and 'Medium oils ...' (HS-271019) to Pakistan was US\$ 1.9 Billion and US\$ 1.0 Billion while the actual exports were US\$ 142.0 Million and US\$ 602.9 Million, respectively, in 2020.

GCC's extensive margin of export of 'Arsenic sulfides ...' (HS-253090) to Pakistan was only US\$ 7.4 Million in 2020.

Table 28: GCC's Top 10 Potential Mineral Products Exports to Pakistan at HS-06 Level (2020)

*All Values in US\$, Millions						
HS-Code	Product Label	GCC's Exports to Pakistan 2020	Pakistan's Imports from World 2020	GCC's Exports to World 2020	Export Potential 2020	Applied Tariffs (%) by Pakistan
TOTAL	Top 10 Potential Mineral Products Exports	4,107.09	9,141.22	135,526.13	4,817.75	-
Intensive Margin						
271111	Natural gas, liquefied	141.96	2,079.18	5,202.53	1,937.22	3
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	602.88	1,605.69	10,894.01	1,002.81	12
270900	Petroleum oils and oils obtained from bituminous minerals, crude	1,305.18	2,267.40	99,335.09	962.22	3
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	1,891.75	2,588.90	18,950.55	697.15	7
271119	Gaseous hydrocarbons, liquefied, n.e.s. (excluding natural gas, propane, butane, ethylene, ...	164.06	368.01	303.88	139.82	3
270119	Coal, whether or not pulverised, non-agglomerated (excluding anthracite and bituminous coal)	0.02	181.63	41.04	41.02	3
271320	Petroleum bitumen	0.01	16.77	558.37	16.76	3
270730	Xylol "xylenes" containing > 50% of xylenes (excluding chemically defined)	1.05	20.83	9.17	8.12	3
270750	Aromatic hydrocarbon mixtures of which >= 65% by volume, incl. losses, distils at 250°C by ...	0.18	5.45	205.37	5.27	20
Extensive Margin						
253090	Arsenic sulfides, alunite, pozzuolana, earth colours and other mineral substances, n.e.s.	0.00	7.37	26.12	7.37	7

Source: ITC, Trade Map

GCC's Potential Machinery & Electrical Equipment Exports

The table below shows the top 10 potential machinery & electrical equipment export products of GCC to Pakistan at HS-06 level in 2020. The total export potential of GCC to Pakistan for the top 10 potential machinery & electrical equipment products at HS-06 level was US\$ 1.4 Billion while the actual exports were only US\$ 16.6 Million in 2020.

Table 29: GCC's Top 10 Potential Machinery & Electrical Equipment Export Products to Pakistan at HS-06 Level (2020)

*All Values in US\$, Millions						
HS-Code	Product Label	GCC's Exports to Pakistan 2020	Pakistan's Imports from World 2020	GCC's Exports to World 2020	Export Potential 2020	Applied Tariffs (%) by Pakistan
TOTAL	Top 10 Potential Machinery & Electrical Equipment Exports	16.56	2,609.54	1,575.11	1,412.63	-
Intensive Margin						
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	0.35	1,695.33	687.07	686.72	10
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or ...	0.13	226.97	209.63	209.50	11
847130	Data-processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a ...	10.72	200.59	90.94	80.22	3
851770	Parts of telephone sets, telephones for cellular networks or for other wireless networks and ...	0.07	76.90	80.33	76.83	11
847989	Machines and mechanical appliances, n.e.s.	1.10	73.53	108.28	72.43	5
853710	Boards, cabinets and similar combinations of apparatus for electric control or the distribution ...	1.40	83.97	71.37	69.97	30
848180	Appliances for pipes, boiler shells, tanks, vats or the like (excluding pressure-reducing valves, ...	0.77	69.68	97.21	68.91	30
840991	Parts suitable for use solely or principally with spark-ignition internal combustion piston ...	0.36	66.87	53.70	53.34	27
847150	Processing units for automatic data-processing machines, whether or not containing in the same ...	0.78	72.95	53.64	52.85	3
854449	Electric conductors, for a voltage <= 1.000 V, insulated, not fitted with connectors, n.e.s.	0.89	42.75	122.94	41.86	17

Source: ITC, Trade Map

GCC's Potential Chemical or Allied Industries Exports

The table below shows the top 10 potential chemical or allied industries export products of GCC to Pakistan at HS-06 level in 2020. The total export potential of GCC to Pakistan for the top 10 potential chemical or allied industries products at HS-06 level was US\$ 957.3 Million while the actual exports were US\$ 152.6 Million in 2020.

Table 30: GCC's Top 10 Potential Chemical or Allied Industries Export Products to Pakistan at HS-06 Level (2020)

*All Values in US\$, Millions						
HS-Code	Product Label	GCC's Exports to Pakistan 2020	Pakistan's Imports from World 2020	GCC's Exports to World 2020	Export Potential 2020	Applied Tariffs (%) by Pakistan
TOTAL	Top 10 Potential Chemical or Allied Industries Exports	152.59	1,188.75	4,901.34	957.34	-
Intensive Margin						
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	0.33	362.77	477.97	362.44	14
290531	Ethylene glycol "ethanediol"	59.92	151.5	1,410.65	91.59	3
320611	Pigments and preparations based on titanium dioxide of a kind used for colouring any material ...	0.68	67.20	148.53	66.52	3
381700	Mixed alkylbenzenes and mixed alkylnaphthalenes produced by the alkylation of benzene and naphthalene ...	60.91	112.41	409.20	51.51	3
382499	Chemical products and preparations of the chemical or allied industries, incl. those consisting ...	10.19	131.62	52.80	42.62	8
290250	Styrene	18.68	60.90	1,134.81	42.22	3
340213	Non-ionic organic surface-active agents, whether or not put up for retail sale (excluding soap)	1.80	38.45	73.38	36.65	16
380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs, and other products ...	0.10	32.17	52.85	32.07	10
Extensive Margin						
290243	P-Xylene	0.00	174.70	879.25	174.70	3
292910	Isocyanates	0.00	57.03	261.90	57.03	3

Source: ITC, Trade Map

GCC's Potential Plastics & Rubber Exports

The table below shows the top 10 potential plastics & rubber export products of GCC to Pakistan at HS-06 level in 2020. The total export potential of GCC to Pakistan for the top 10 potential plastics & rubber products at HS-06 level was US\$ 878.8 Million while the actual exports were US\$ 692.2 Million in 2020.

Table 31: GCC's Top 10 Potential Plastics & Rubber Export Products to Pakistan at HS-06 Level (2020)

*All Values in US\$, Millions						
HS-Code	Product Label	GCC's Exports to Pakistan 2020	Pakistan's Imports from World 2020	GCC's Exports to World 2020	Export Potential 2020	Applied Tariffs (%) by Pakistan
TOTAL	Top 10 Potential Plastics & Rubber Exports	692.25	1,582.15	18,031.83	878.81	-
Intensive Margin						
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	141.05	318.85	4,674.20	177.79	11
390210	Polypropylene, in primary forms	371.94	503.51	6,007.92	131.57	11
390120	Polyethylene with a specific gravity of >= 0,94, in primary forms	119.66	246.41	5,700.77	126.75	11
390410	Poly"vinyl chloride", in primary forms, not mixed with any other substances	0.24	101.93	155.25	101.69	11
390690	Acrylic polymers, in primary forms (excluding poly"methyl methacrylate")	2.17	86.51	101.95	84.34	10
390720	Polyethers, in primary forms (excluding polyacetals and goods of 3002 10)	0.59	77.03	525.23	76.44	3
390230	Propylene copolymers, in primary forms	55.05	120.58	702.84	65.53	11
401110	New pneumatic tyres, of rubber, of a kind used for motor cars, incl. station wagons and racing ...	0.06	40.72	75.39	40.66	16
391990	Self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether ...	0.60	49.92	38.83	38.22	20
392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding ...	0.88	36.69	49.47	35.82	11

Source: ITC, Trade Map

GCC's Potential Metal Exports

The table below shows the top 10 potential metal export products of GCC to Pakistan at HS-06 level in 2020. The total export potential of GCC to Pakistan for the top 10 potential metal products at HS-06 level was US\$ 780.7 Million while the actual exports were US\$ 248.1 Million in 2020.

Table 32: GCC's Top 10 Potential Metal Export Products to Pakistan at HS-06 Level (2020)

*All Values in US\$, Millions						
HS-Code	Product Label	GCC's Exports to Pakistan 2020	Pakistan's Imports from World 2020	GCC's Exports to World 2020	Export Potential 2020	Applied Tariffs (%) by Pakistan
TOTAL	Top 10 Potential Metal Exports	248.15	1,869.59	3,250.33	780.68	-
Intensive Margin						
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	236.85	898.90	487.89	251.05	9
730820	Towers and lattice masts, of iron or steel	0.02	107.06	306.81	107.04	20
760200	Waste and scrap, of aluminium (excluding slags, scale and the like from iron and steel production, ...	6.21	100.40	494.68	94.19	17
740311	Copper, refined, in the form of cathodes and sections of cathodes	0.33	58.43	202.01	58.10	3
721049	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	2.15	53.99	245.14	51.83	16
720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	0.00 ²	419.97	49.06	49.06	16
730890	Structures and parts of structures, of iron or steel, n.e.s. (excluding bridges and bridge-sections, ...	0.65	47.30	579.26	46.65	20
721070	Flat products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	0.04	76.46	43.35	43.31	11
740400	Waste and scrap, of copper (excluding ingots or other similar unwrought shapes, of remelted ...	1.90	41.80	802.56	39.90	3
Extensive Margin						
761490	Stranded wires, cables, ropes and similar articles, of aluminium (other than with steel core ...	0.00	65.28	39.55	39.55	20

Source: ITC, Trade Map

² GCC exported US\$ 2000/- of HS-720839 to Pakistan in 2020.



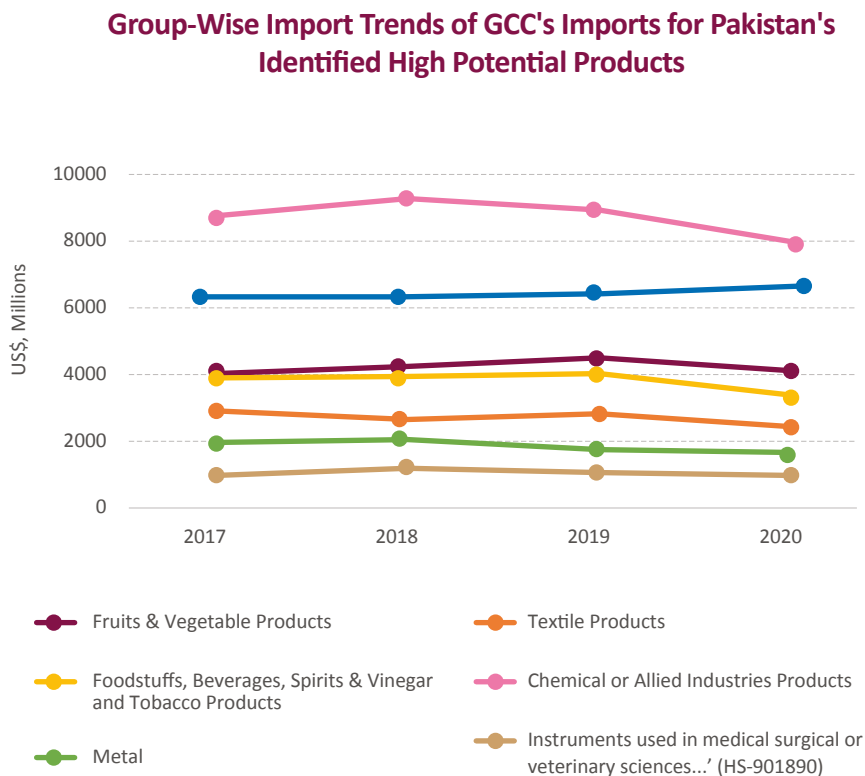
Trends in Global Imports for Identified High Potential Products

GCC Global Import Trends for Pakistan's High Potential Products

The figure below shows GCC's global imports of Pakistan's identified potential products at HS-06 level for the 2017-2020 period. As can be seen from the figure, GCC's global imports in 5 out of 6 potential product groups declined for the said period. GCC's global import in the category of 'Vegetable Products' for Pakistan's identified potential products experienced an increase of US\$ 80.9 Million at HS-06 level for the 2017-2020 period.

GCC's global import of 'Instruments used in medical, surgical or veterinary sciences ...' (HS-901890) remained more or less stagnant with an annual average of US\$ 973.0 Million for the 2017-2020 period.

Figure 4:
Group-Wise Import Trends of GCC's Imports for Pakistan's Identified High Potential Products at HS-06 Level (2017-2020)

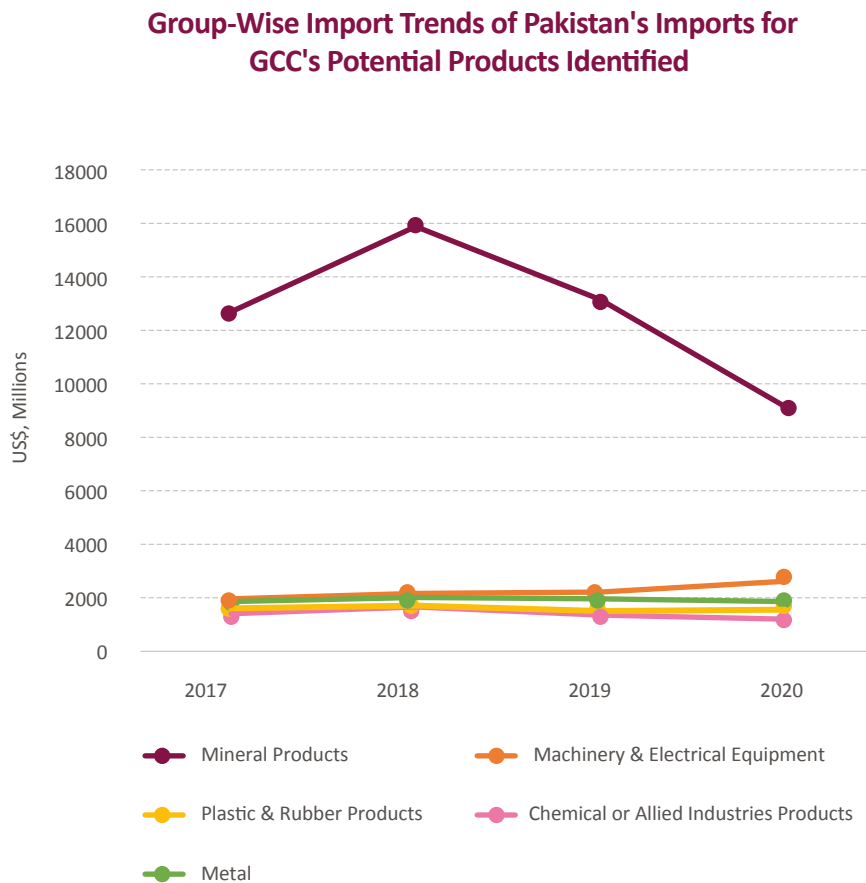


Source: ITC Trade Map

Pakistan Global Import Trends for GCC's High Potential Products

The figure below shows Pakistan's global imports of GCC's identified potential products at HS-06 level for the 2017-2020 period. As can be seen from the figure, Pakistan's global imports in 4 out of 5 potential product groups declined for the said period. Pakistan's global import in the category of 'Machinery & Electrical Equipment' for GCC's identified potential products experienced an increase of US\$ 643.9 Million at HS-06 level for the 2017-2020 period.

Figure 5:
Pakistan's Global Imports of GCC's Identified Potential Products at HS-06 Level (2017-2020)



Source: ITC Trade Map



Determinants of Trade Dynamics – Pakistan and the GCC

This section highlights some of the factors that affect bilateral trade between Pakistan and the Gulf Cooperation Council (GCC) member countries. Some of the bottlenecks in trade expansion along with suggestions for improvements have also been highlighted. This analysis covers Pakistan's trade with the top 2 economies of the GCC i.e., the UAE and Saudi Arabia.

Pakistan and the GCC

The GCC used to be one of the top export markets for Pakistan's exports of precious metals, gems and jewelry, cereal and textile products. However, the share of such items in exports has declined in recent times.

Trade between India and GCC countries, however, has been steadily increasing and exceeded US\$ 120.0 Billion in 2019.

Most of the products exported by Pakistan to the GCC are primary products such as rice, meat, seafood, fruit and vegetables.

Only negotiating or lowering tariff rates under an FTA will not offer substantial advantages to Pakistan. Pakistan must enhance the competitiveness of its products to take advantage of a potential free trade agreement, in addition Pakistan needs to focus on diversifying its export base. In order for trade to flourish between Pakistan and the GCC under a potential FTA, the FTA that is being negotiated must also include services with special emphasis on manpower, health, education, business & banking services and information & communication technology (ICT) among others.

Pakistan and the UAE

Pakistan is steadily losing its competitiveness in the UAE market for basmati rice exports. Pakistan has competitiveness in exports of cotton yarn to the UAE but it is not a very large advantage, on the other hand value added exports of cotton industry are increasing but Pakistan lacks the competitiveness to take advantage of this trend. Pakistan is an exporter of fresh vegetables to the UAE, however, there is a lack of significant value addition in exports of Pakistani vegetables. Pakistan has a competitive advantage in exports of milk and cream to the UAE but has not been able to export milk and cream due to its failure to comply with SPS standards.

Pakistan and Saudi Arabia

According to (Javed et al., 2020), Pakistan's trade share with Saudi Arabia was 3.5 percent of the country's total trade in 2016. 74.0 percent of Pakistan's global basmati rice exports were destined for 11 major markets where the top 3 markets were the UAE, **Saudi Arabia** and Oman in 2017.

According to the analysis of (Irshad & Anwar, 2019), there was a potential for Pakistan to increase its exports to 102 out of the 198 countries and Saudi Arabia was the country with which Pakistan had the highest potential for export expansion for the 1992-2016 period. In Pakistan's global exports textiles and apparel contributed 60.0 percent to the country's total exports. These however, are concentrated in the markets the USA, China, UK, Germany, the UAE, Spain, Netherlands and **Saudi Arabia**.



Trade in Services – Pakistan and the GCC

The potential of the FTA currently being negotiated between Pakistan and the GCC will not lead to its full potential if only goods are included in the FTA as the Common External Tariff (CET) of the GCC ranges between 0.0 to 5.0 percent on most goods. It is thus important to include the services sector in the FTA for both Pakistan and the GCC countries to fully benefit from the FTA.

The table below shows the trade balance of Pakistan in services with GCC member states for the FY 2016-FY 2020 period. Pakistan’s overall trade deficit in services with the GCC has deteriorated from US\$ 1.1 Billion in FY 2016 to US\$ 1.3 Billion in FY 2020.

Table 33: Pakistan's Trade Balance in Services with GCC Countries (FY 2016-FY 2020)

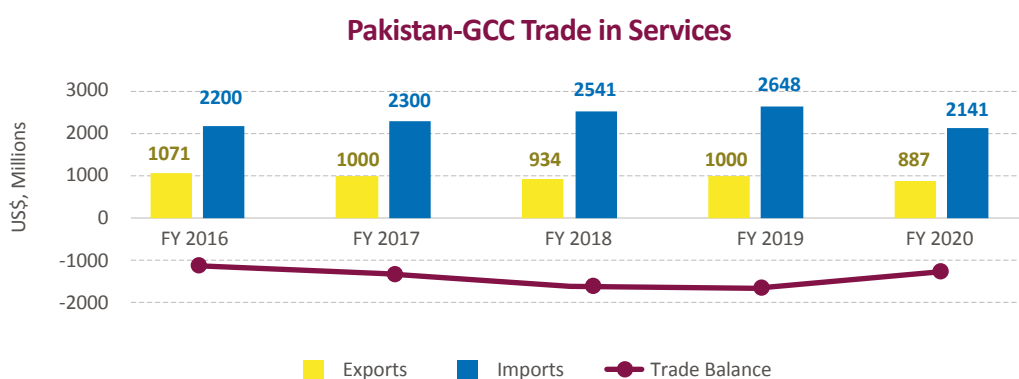
Trade Partners	* All Values in US\$, Millions				
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Gulf Cooperation Council (GCC)	-1,128.50	-1,300.28	-1,607.35	-1,648.15	-1,254.56
United Arab Emirates	-675.13	-620.34	-660.33	-807.28	-544.42
Saudi Arabia	-340.18	-474.47	-564.58	-573.18	-460.19
Qatar	-33.67	-105.21	-161.63	-109.35	-115.36
Oman	-15.19	-22.59	-33.96	-83.65	-63.63
Kuwait	-29.79	-40.97	-107.69	-33.52	-35.69
Bahrain	-34.54	-36.70	-79.17	-41.17	-35.27

Source: State Bank of Pakistan (SBP)

The figure below shows Pakistan’s bilateral trade in services with GCC for the FY 2016 to FY 2020 period. Pakistan’s exports of services to GCC fell by 17.3 percent while its imports of services from the GCC fell by only 2.7 percent in this period. The trade deficit of Pakistan with GCC for services experienced an increase of 11.2 percent for the FY 2016 to FY 2020 period.

In FY 2020, Pakistan’s exports of services to GCC were worth US\$ 886.6 Million while its imports of services from GCC were worth US\$ 2.1 Billion.

**Figure 6:
Pakistan-GCC Annual Trade in Services (FY 2016-FY 2020)**



State Bank of Pakistan (SBP)

The table below shows Pakistan's exports of services to GCC member states for the FY 2016 to FY 2020 period.

In FY 2020, Pakistan's exports of services to the GCC countries accounted for 16.3 percent of Pakistan's global exports of services.

Table 34: Pakistan's Exports of Services to GCC Countries (FY 2016-FY 2020)

Importers	*All Values in US\$, Millions					Change (%) FY 2019- FY 2020	CAGR (%) FY 2016- FY 2020	% Share FY 2020
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020			
Gulf Cooperation Council (GCC)	1,071.49	999.94	933.52	999.92	886.63	-11.33	-4.62	16.31
United Arab Emirates	684.36	641.46	580.52	579.80	546.19	-5.80	-5.48	10.04
Saudi Arabia	241.61	213.24	222.87	223.22	194.81	-12.73	-5.24	3.58
Qatar	66.57	51.28	29.14	78.99	81.18	2.77	5.09	1.49
Bahrain	32.43	41.10	31.28	71.43	44.85	-37.21	8.44	0.82
Kuwait	37.73	33.25	44.79	30.94	11.60	-62.52	-25.54	0.21
Oman	8.78	19.62	24.91	15.53	8.01	-48.45	-2.29	0.15

Source: State Bank of Pakistan (SBP)

The table below shows Pakistan's imports of services from GCC member states for the FY 2016 to FY 2020 period.

In FY 2020, Pakistan's imports of services from the GCC countries accounted for 24.5 percent of Pakistan's global imports of services.

Table 35: Pakistan's Imports of Services from GCC Countries (FY 2016-FY 2020)

Exporters	*All Values in US\$, Millions					Change (%) FY 2019- FY 2020	CAGR (%) FY 2016- FY 2020	% Share FY 2020
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020			
Gulf Cooperation Council (GCC)	2,199.99	2,300.22	2,540.87	2,648.06	2,141.19	-19.14	-0.67	24.46
United Arab Emirates	1,359.49	1,261.80	1,240.85	1,387.08	1,090.61	-21.37	-5.36	12.46
Saudi Arabia	581.79	687.71	787.45	796.40	655.00	-17.75	3.01	7.48
Qatar	100.24	156.48	190.78	188.34	196.54	4.35	18.33	2.25
Bahrain	66.97	77.81	110.45	112.60	80.12	-28.85	4.58	0.92
Kuwait	67.53	74.22	152.48	64.46	47.29	-26.64	-8.52	0.54
Oman	23.97	42.21	58.87	99.18	71.64	-27.77	31.48	0.82

Source: State Bank of Pakistan (SBP)

Pakistan's Top Services Exports to the GCC

The table below shows Pakistan's exports of services to the GCC for the FY 2016 to FY 2020 period. The top services exported consisted mainly of 'Transport' services, 'Other Business Services', 'Telecommunications, Computer, and Information' services and 'Non-commercial services' (Government Goods and Services n.i.e) among others. Pakistan's total exports of services to GCC had a CAGR of -4.6 percent for the FY 2016 to FY 2020 period.

Table 36: Pakistan's Exports of Services to GCC (FY 2016-FY 2020)

Service Label	*All Values in US\$, Millions					Change (%) FY 2019- FY 2020	CAGR (%) FY 2016- FY 2020	% Share FY 2020
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020			
All Services	1,071.49	999.94	933.52	999.92	886.63	-11.33	-4.62	100.00
Commercial Services	981.43	829.59	730.84	823.07	732.37	-11.02	-7.06	82.60
Transport	653.90	528.40	573.67	439.44	328.77	-25.18	-15.79	37.08
Other Business Services	139.18	158.09	-5.40	198.91	158.79	-20.17	3.35	17.91
Telecommunications, Computer, and Information	81.69	103.58	112.13	119.01	155.47	30.64	17.46	17.53
Government goods and services n.i.e.	90.06	170.35	202.68	176.85	154.26	-12.77	14.40	17.40
Construction	26.40	11.88	18.62	13.00	53.15	309.00	19.12	5.99
Financial services	16.15	4.00	4.42	26.40	15.77	-40.29	-0.60	1.78
Insurance and pension services	11.39	6.87	11.97	12.14	8.96	-26.17	-5.81	1.01
Travel	35.61	11.58	9.66	9.08	8.61	-5.18	-29.88	0.97
Personal, cultural, and recreational services	13.52	6.67	3.29	2.66	1.05	-60.43	-47.17	0.12
Maintenance and repair services n.i.e.	0.16	1.86	2.25	2.42	0.96	-60.25	55.63	0.11
Charges for the use of intellectual property n.i.e	3.44	0.48	0.23	0.02	0.84	3,395.83	-29.72	0.09

Source: State Bank of Pakistan (SBP)

Pakistan's Top Services Imports from the GCC

The table below shows Pakistan's imports of services from the GCC for the FY 2016 to FY 2020 period. Pakistan's total imports of services from GCC had a CAGR of -0.7 percent for the said period.

Table 37: Pakistan's Imports of Services from GCC (FY 2016-FY 2020)

Service Label	*All Values in US\$, Millions					Change (%) FY 2019- FY 2020	CAGR (%) FY 2016- FY 2020	% Share FY 2020
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020			
All Services	2,199.99	2,300.22	2,540.87	2,648.06	2,141.19	-19.14	-0.67	100.00
Commercial Services	2,176.41	2,242.27	2,492.06	2,570.94	2,057.97	-19.95	-1.39	96.11
Transport	1,313.96	1,484.99	1,688.36	1,717.91	1,169.68	-31.91	-2.87	54.63
Other Business Services	333.12	193.39	295.95	282.10	364.33	29.15	2.26	17.02
Travel	300.69	348.56	269.87	267.65	262.31	-2.00	-3.36	12.25
Financial services	45.75	60.80	52.05	74.39	91.47	22.97	18.91	4.27
Government goods and services n.i.e.	23.58	57.95	48.81	77.12	83.22	7.91	37.06	3.89
Insurance and pension services	23.11	30.45	54.78	66.36	72.91	9.87	33.28	3.41
Telecommunications, Computer, and Information	79.48	81.39	98.05	92.85	68.57	-26.15	-3.63	3.20
Maintenance and repair services n.i.e.	49.02	30.66	25.78	49.15	16.43	-66.57	-23.91	0.77
Construction	22.94	0.18	0.00	0.00	6.22	-	-27.84	0.29
Charges for the use of intellectual property n.i.e	7.31	7.83	6.03	20.52	6.03	-70.61	-4.69	0.28
Personal, cultural, and recreational services	1.01	4.02	1.19	0.01	0.02	50.00	-65.08	0.00

Source: State Bank of Pakistan (SBP)



Investment Climate – Pakistan and the GCC

Investment Climate in the GCC

The GCC countries have made steady progress in implementing major reforms to attract investors and boost competitiveness such as easing business licenses, lowering fees, liberalizing foreign ownership and supporting women and young entrepreneurs. Much has been done in recent years to attract investments, especially in the non-hydrocarbon sectors and to encourage non-oil exports such as reforming legislation and creating free trade zones with generous incentives for investors. A remaining agenda that is being worked upon includes reducing non-tariff barriers in addition to business environment reforms.

The GCC governments offer a variety of incentives to attract FDI. These include assistance with registering and opening businesses, financial incentives and exemptions from import duties on raw

materials and equipment. The upward regional inward FDI trend in the GCC is expected to continue due to new laws passed in 2020 including the UAE's FDI Decree allowing for 100.0 percent foreign ownership of domestic companies and Saudi Arabia's Private Sector Participation Law both of which set out a clear framework for privatization as a public-private partnership.

Pakistan manpower exports are significant to the Gulf Cooperation Council (GCC) countries. More than 11.1 million Pakistanis have moved abroad for employment since 1971 with more than 96.0 percent traveling to GCC countries.

Investment Climate in Pakistan

The government's investment policy provides both domestic and foreign investors the same incentives, concessions and facilities. The government mainly relies on Statutory Regulatory Orders (SROs) which are arrangements implemented when needed through executive order for industry specific taxes or incentives.

Despite a relatively open foreign investment regime, Pakistan remains a challenging environment for foreign investors. An improving but unpredictable security situation, a difficult business climate, lengthy dispute resolution processes, poor intellectual property rights (IPR) enforcement, inconsistent taxation policies and a lack of harmonization of rules across Pakistan's provinces have contributed to lower Foreign Direct Investment (FDI) as compared to regional competitors.

Foreign investors in Pakistan regularly report that both federal and provincial tax regulations are difficult to navigate and tax assessments are non-transparent. Foreign businesses complain about the inconsistencies in laws and policies from different regulatory authorities.

Foreign business officials have struggled to get business visas for travel to Pakistan. When permitted, business people typically receive single-entry visas with short-duration validity. Technical and managerial personnel working in sectors that are open to foreign investment are typically not required to obtain special work permits.

The 2013 Investment Policy eliminated minimum initial capital investment requirements across sectors so that no minimum investment requirement or upper limit on the share of foreign equity is allowed with the exception of investments in the airline, banking, agriculture, and media.

Foreign investors in the services sector may retain 100.0 percent equity which is subject to obtaining permission, a no objection certificate or license from the concerned agency as well as fulfilling the requirements of the respective sectoral policy.

In the education, health, and infrastructure sectors, 100.0 percent foreign ownership is allowed. On the other hand, the threshold of foreign ownership is 60.0 percent in the agricultural sector with an exception for corporate agriculture farming where 100.0 percent ownership is allowed.



Summary of Inputs from Pakistan's Minister for Trade and Investment in Saudi Arabia

Current Reforms Underway to Develop Industries and Promote Tourism in Saudi Arabia

Post 2017, efforts have been made to convert the oil-based economy of Saudi Arabia into a non-oil-based economy. Efforts are being made to establish and develop new industries and to promote tourism.

In order to make the tourism and construction industries multi-billion-dollar industries, manpower is required, this is an opportunity for Pakistani companies.

Reforms on Quality and Compliance Standards in Saudi Arabia

Saudi Arabia has introduced quality and compliance standards for imports. Pakistani companies find it difficult to comply with the standards set by Saudi Arabia.

Post 2017, Saudi Arabia has introduced a number of quality standards such as the requirement of halal registration certificate for exporters while exporting meat to Saudi Arabia. Saudi Arabia requires exporters to be registered for products in Saudi Arabia including pharmaceutical products. The large-sized Pakistani companies meet these standards quite easily, however, compliance is difficult for medium and small sized companies.

Pakistani businessmen working in Saudi Arabia find it difficult to import products from Pakistan given the strict standards and therefore, import products from the USA as these products comply with the standards applicable in Saudi Arabia and get released easily from Saudi Arabia Customs.

There are quality inspectors in Chinese companies who ensure that the quality specifications are met before the shipment leaves for Saudi Arabia. Pakistani companies lack such a mechanism to ensure that quality specifications are met before the shipment leaves Pakistan.

Pakistan's Trade Relations with Saudi Arabia

Pakistani exporters prefer to export to developed markets like the UK and not to Saudi Arabia due to a significant difference in prices. Furthermore, there is no proper mechanism for dispute resolution in Saudi Arabia unlike western countries where Pakistani exporters receive a fair treatment.

Though Saudi Arabia is the economy which drives the GCC region, Pakistani exporters and businessmen have focused on Dubai and have largely neglected the Saudi market.

Pakistan is an economy based on agriculture and can provide Saudi Arabia with food products. India has promoted joint ventures with the Saudi Arab Agriculture Livestock Investment Company in the Indian states of Haryana & Punjab among others. This has resulted in increasing the size of even small companies in India. The issue in case of Pakistan is that most exporters of food products are not growers themselves which restricts their ability to influence their supply chains, both backward as well as forwards.

Presence of Pakistani Brands, Companies and Investors in Saudi Arabia

Pakistan has not been able to take advantage of Saudi Arabia's Vision 2030. Pakistani companies do have a presence in Dubai but they neither have a strong presence in the Saudi Arabian market nor do they have the required licenses.

There is no significant presence of Pakistani companies in the Saudi Arabian market. However, the demand for Pakistani products is huge in Saudi Arabia especially of food products including spices, meat and rice.

Pakistani products are available in Saudi Arabia in small shops mostly but the local population usually shops at hyperstores or orders products online and don't prefer to buy products from small shops.

Pakistani community based in Saudi Arabia buys Pakistani products from small shops but not the general Saudi Arabian population.

Pakistan's exports to Saudi Arabia are observed not to have exceeded US\$ 500.0 Million. The primary reason for this is that Pakistani exporter dealing in top quality products are not interested in exporting to Saudi Arabia and do not have a presence in the market.

There is no presence of Pakistani pharmaceutical companies in Saudi Arabia at the moment, though there are reports that Pakistani pharmaceutical companies are interested in working in Saudi Arabia as they have the option of buying the licenses from Saudi Arabian businessmen and exporting to Saudi Arabia under these licenses.

Pakistani companies in textiles also don't have a major presence in the Saudi Arabian market. The major exporters of textiles including Gul Ahmed, Sapphire and J. are working in Saudi Arabia by way of partnering with a local Saudi Arabian company which sells Pakistani textile products in the domestic market.

Saudi Arabia's Exports to Pakistan

Saudi Arabian exporters do not face serious issues in exporting to Pakistan. Saudi Arabian exporters export petrochemicals, fertilizers and plastics among other products to Pakistan as there is a demand for such products in Pakistan.

Processed food including juices and mozzarella cheese in Saudi Arabia are of premium quality and are mostly exported to Europe and other Arab countries. These products are thus not exported in significant quantities to Pakistan.

Factors Affecting Saudi Arabian Investment in Pakistan

Political instability is a major concern for investors in Saudi Arabia for investing in Pakistan. In addition, frequent changes in government policies has been identified as a major hurdle.

Pakistan needs energy resources including gas, which it currently lacks, for this it needs to attract foreign investment in the energy sector especially from Saudi Arabian companies which are vertically integrated.

Pakistan's Major Competitors in Saudi Arabia

Saudi Arabia's annual imports on average from Egypt are over US\$ 6.0 Billion due to its geographical proximity whereas its annual imports on average from India are US\$ 8.0 to 10.0 billion. Indians are working on improving the quality of their products, improving transportation logistics and the number of Indian companies registered in Saudi Arabia are increasing. Lulu, Al Madina, Nesto and Centrepont are some of the Indian hyperstores already established in Saudi Arabia.

India is the major competitor of Pakistan for food products in the Saudi Arabian market. This is because Indian companies have worked on increasing scale.

Basmati rice is consumed in Saudi Arabia for the most part among other rice varieties. Importing basmati rice from Pakistan into Saudi Arabia costs US\$ 100/Metric Ton more than importing it from India.

The large-scale businessmen in Saudi Arabia have made significant investments in India. Indian businessmen have large fields of rice in Haryana, Punjab and Tamil Nadu in India. This gives Saudi Arabian businessmen in India an advantage of large rice production and this rice is also cheaper than Pakistani rice. Saudi Arabian businessmen bring Indian rice into Saudi Arabia and sell it after packing in the domestic market as well as exporting to the European Union.

Saudi Arabia applies a relatively higher tariff on imports of certain products including poultry from Pakistan and most other countries on individual basis but provides a concession to countries like Brazil and Australia.

E-Commerce, Transportation Logistics and Related Issues in Trade

When sourcing of products on Amazon started to take place from Pakistan, Saudi Arabia also wanted Pakistani textiles and sports goods through an online service called 'Noon' in Saudi Arabia. However, the main issue is logistics in getting the product to Saudi Arabia in a cost-effective manner.

Currently, more than 50.0 percent of Pakistan's exports to the UAE are transported via roads on trucks to Riyadh, Saudi Arabia after reaching the UAE which includes products like fruits, meat and rice. The time taken for the shipments to reach Saudi Arabia from Pakistan is 8 to 14 hours. Pakistani shipments are easily cleared in the UAE while the process takes a longer time if the shipments are directly sent to Saudi Arabia as there are a number of issues in clearance from Saudi Arabian Customs.

The major Issues in clearance of Pakistani products at Saudi Arabia Customs is a lack of compliance with quality standards including for food products etc. Pakistani exporters also face issues in getting their products released from Saudi Arabia Customs as most of them are not certified exporters registered with Saudi Arabia Food and Drug Authority in case of the food industry, for example.

Language Barrier in Saudi Arabia

There is also a language barrier for Pakistanis in trading a number of products with Saudi Arabia.

Pakistan's Information and Technology Sector in Saudi Arabia

Pakistani IT companies and Regional Tech companies are more inclined towards UK, Canada and western countries as compared to Saudi Arabia for exporting their services. These companies do invest in UAE but the investment is not relevant for Saudi Arabia.

Recommendations

Creating Presence of Pakistani brands in Saudi Arabia

Demand for Pakistani products can be created in the Saudi Arabian market. The government needs to support Pakistani entrepreneurs to establish their presence in sectors such as pharmaceuticals, textiles, paper industry and marble industry in Saudi Arabia. This will help these companies in importing well recognized brands from Pakistan with greater ease.

The sports industry is especially important due to the establishment of a Sports Ministry in Saudi Arabia in 2021 and catering to this newly created demand should be a priority for Pakistan. There is a new interest in Saudi Arabian people to play sports like golf. The few sports that were previously played in Saudi Arabia included football and volleyball. Now, Saudi Arabia has also built Cricket Academies and people are interested in playing the game which gives Pakistan an advantage in that Pakistan can help train their young players and also build Cricket Stadiums.

Textiles are in great demand in the Saudi Arabian market and Pakistan has a good potential for export expansion of textile products to Saudi Arabia.

In order to directly sell Pakistani textile products in the Saudi Arabian market, Pakistani exporters of textiles should work on establishing their companies in Saudi Arabia by way of obtaining the required licenses which will enable Pakistani textile exporters to have a presence in the Saudi Arabian market.

The government of Pakistan should allow and assist in establishing a Pakistan Business Centre in Saudi Arabia under the Pakistan Embassy and a Display Centre should be established in order that Pakistani products are showcased and Pakistani brands start getting recognition in Saudi Arabia.

The laws in Saudi Arabia are very strict due to which no one can gather money on a personal level for making it possible to display Pakistani products without a proper license nor can anyone provide a space for displaying Pakistani products. Therefore, the government of Pakistan should facilitate Pakistan's Trade Mission in Saudi Arabia in establishing a Pakistan Business Centre with initial funding.

Pakistani government needs to have a check on quality control on products including textiles and food products before the shipment leaves for Saudi Arabia to ensure that concerns raised by importers in Saudi Arabia are resolved.

Increasing Bilateral Investment between Pakistan and Saudi Arabia

Pakistan should focus on investing in Saudi Arabia through Joint Ventures while at the same time trying to attract FDI from Saudi Arabia.

Pakistan should give access to Saudi Arabian investors to Special Economic Zones (SEZs) where only Saudi Arabian investors should be allowed to work.

Saudi Arabia's population is roughly 34.0 million while Pakistan's population is roughly 234.0 million implying that Saudi Arabian businesses will flourish more in Pakistan. Therefore, the government of Pakistan should work on an enabling environment in order to facilitate Saudi Arabian businesses to operate in Pakistan.

Large-scale companies in Saudi Arabia are hesitant in investing in Pakistan as they lack basic knowledge about the market. Pakistan's Board of Investment (BOI) needs to work on providing preliminary market studies in various sectors to market the opportunities available in Pakistan.

Increasing Pakistani Exports of Services to Saudi Arabia

Pakistan needs to train engineers and IT personnel for the Saudi Arabian market.

Services like education and health facilities are in demand in Saudi Arabia and Pakistan has the potential to compete with India provided some support is provided to Pakistani firms operating in Saudi Arabia.

Improving Logistics

Saudi Post and Tranzum Courier Service (TCS) are encouraged to sign a Memorandum of Understanding which will allow TCS to transport Pakistani export products including food products, fruits, garments and leather to the Saudi Arabian border and Saudi Post will then distribute it within Saudi Arabia. The transactions can take place through Amazon without the need to get involved in Customs procedures in Pakistan. There needs to be a direct logistics route for transporting products from Pakistan to Saudi Arabia as this will help boost trade activities with Saudi Arabia and will allow for remittances to come into Pakistan from Saudi Arabia.

Dispute Resolution Mechanism

Currently, there are no laws for enforcing dispute resolution in Saudi Arabia. Therefore, the government of Pakistan should work on dispute resolution by making the Trade Dispute Resolution Organization (TDRO) active by getting it approved from the cabinet. TDRO, in coordination with counterparts in Saudi Arabia, should make sure that the damages are covered by exporters on either side in case the quality specifications are not met.



**Summary of Inputs from
Pakistan's Honorary Investment
Counsellor and Pakistan's
Trade and Investment
Attaché in Qatar**

Pakistan's Trade Shows in Qatar

Sialkot Chamber of Commerce and the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) have organized a number of trade shows in Qatar showcasing a number of products including footballs among others, these have been well received in Qatar and the need is there for more such trade shows.

Pakistani Brands in Qatar

Pakistan's agricultural products are exported under well recognized brands to Qatar. Pakistan's technology sector is starting to be recognized due to trade and technology conferences held in Qatar in the recent past. There has been interest not only in investment in Pakistani technology but also in procuring Pakistan's technology services in Qatar.

Pakistan's Competitors in Qatar

India is a major regional competitor of Pakistan throughout GCC due to logistics advantages.

Prices quoted by Pakistani exporters of basmati rice are very high compared to the prices offered by Indian exporters i.e., US\$ 100 per Metric Ton higher. The quantity of basmati rice required by Qatar is roughly 48,000 Metric Ton per annum and even large-scale exporters in Pakistan have difficulty in providing this quantity to Qatar. India, on the other hand, can provide the required quantity of basmati rice to Qatar. Therefore, Pakistan finds it tough to compete in exports of basmati rice to Qatar. Same is the case with Pakistani exports of other agricultural products to Qatar.

Lebanon is also a competitor of Pakistan in exports of fruits and vegetables.

Transportation & Logistics from Pakistan to Qatar

Before the start of the Hammad Port in November 2017, there used to be issues of getting shipments from Pakistan to Qatar.

After the blockade of its regional ports, Qatar launched an Express Service which operates between the Port of Karachi, Pakistan and Hamad Port, Qatar. There are two shipping lines currently operating on this route. One of these is a direct shipping line and the other one goes from Pakistan to Oman and then on to Doha, Qatar.

A number of Pakistani export products including perishable food products are transported through Qatar Airways as Pakistan and Qatar have good airline connectivity. There are no serious issues with respect to logistics currently.

Non-Tariff Barriers (NTBs)

NTBs faced by Pakistan's Dairy Exports

Post blockade, Qatar imposed non-tariff barriers (NTB) on import of dairy products from Pakistan, Iran and Turkey among others as the country could not allow imports from countries which have a high number of animal diseases specially since they had invested a huge sum in their nascent dairy industry. Qatar imports dairy products from the European region on prices which are not competitive. At the time when this NTB was applied by Qatar, Pakistani companies like Engro, Haleeb and Nestle were on the verge of making inroads into the dairy market of Qatar. These companies had already setup their distribution lines specially for exporting Ultra High Temperature (UHT) Milk to Qatar.

Other NTBs

The regulatory process will be much smoother if Pakistani products conform to the required standards while at the same time testing labs in Pakistan are accredited. One of the key challenges identified by Pakistani exporters and manufacturers is that the government of Pakistan has not incentivized the development of such testing centers in Pakistan where these quality tests can be performed in a more cost-effective manner. Currently, a number of Pakistani exporters in different sectors have to send their products to Germany among other countries to get the products tested which is an expensive & time-consuming process.

Another NTB is a legalization fee for export documents charged by the Embassy of Qatar in Islamabad. A significant number of Pakistani exporters have an issue with this barrier as this is very costly for them. However, this is not a Pakistan specific issue.

Pakistan's Potential Trade with Qatar

There are a number of products for which Pakistan has a good potential for export expansion in the Middle Eastern and North African (MENA) region including pharmaceutical products, medical devices, sports goods including footballs, agricultural products, textiles and technology services.

In 2017, its neighbors put an embargo on Qatar. At that time there was a shortage of dairy products and to help overcome this shortage, Pakistan, Iran and Turkey initially supplied these products to Qatar. The long-term solution implemented by Qatar was to bring cows from all over the world as per the country's convenience and set up their own fresh dairy operation which is known as 'Baladna'. However, the feed does not grow in desert terrains of the sort that Qatar has and feed needs to be imported contributing significantly to the import bill of Qatar which is also subsidized by the government of Qatar. Pakistan is a very good producer of this feed and can export to other GCC countries including Saudi Arabia. The GCC countries normally import this feed from Europe.

Pakistan was able to capitalize on the opportunities of exporting to Qatar after the blockade of 2017. The export growth of Pakistan to Qatar was over 70.0 percent per year in the 2017-2020 period. Pakistan focused on exporting food products and agricultural products as Qatar had critical shortages of these products. Since the blockade, Qatar has focused on self-sufficiency in vegetables but it still has to import to fulfil its requirements of food as it faces a scarcity of water and finds it difficult to grow these products within the country. Pakistan has an opportunity to capitalize on and work on export expansion of food products and animal fodder as Qatar requires animal feed for these farms.

Qatar also has a booming construction industry and Pakistan has an opportunity to invest in infrastructure related projects in Qatar.

Qatar is not a huge market like Saudi Arabia but still is an important market for Pakistan. Qatari policy makers envisage the country as a gateway to Africa since Doha is viewed as being a logistics hub and Pakistan can capitalize on this opportunity for exporting to African countries through Qatar because of the excellent relationship of Qatar with a number of African countries.

Services and Investment

Services should be included in the FTA; however, investment should be dealt with individually with the GCC countries. Pakistan's Board of Investment (BOI) had decided to rescind all of its bilateral investment treaties (BIT) post the Reko Diq issue. BOI is reviewing these bilateral investment treaties and has established a model for future bilateral investment treaties. The right approach will be to sign individual bilateral investment treaties with the GCC countries rather than to include an investment treaty in the proposed FTA.

The top services exports of Pakistan to Qatar include IT services and Fin-Tech. These exports should be incentivized by the government of Pakistan in order to compete with India specially in Qatar.

Pakistan's Bilateral Ties with Qatar

There is a Memorandum of Understanding (MOU) signed between Pakistan and Qatar which governs bilateral trade and any such negotiations between the two countries. There is a Joint Working Group for Trade and Investment which was established under this MOU in 2021. Policy proposals and trade negotiations will be taking place under this Joint Working Group.

Though it is important to negotiate an FTA with the GCC as a whole, it is also important to be bilaterally engaged with each GCC country specially Qatar and Oman which tend to have independent bilateral relationships as well.



Key Findings of the Study

Pakistan-GCC Bilateral Trade in Goods

- The Gulf Cooperation Council (GCC) in its 91st session of the Ministerial Council meeting, in June 2004, agreed to consider the possibility of concluding a Framework Agreement on Economic Cooperation between the GCC States and Pakistan along with starting FTA negotiations. The Framework Agreement was signed in Islamabad in August 2004. Currently, there is a renewed interest among the stakeholders to sign a Free Trade Agreement between Pakistan and the Gulf Cooperation Council (GCC).
- Pakistan's overall trade deficit with the GCC has declined from US\$ 12.6 Billion in 2017 to US\$ 7.6 Billion in 2020.
- Pakistan's exports to the GCC increased by US\$ 483.2 Million while its imports from the GCC fell by US\$ 4.5 Billion for the 2017-2020 period.
- Pakistan's exports to the GCC were worth US\$ 2.0 Billion whereas its imports from the GCC were worth US\$ 9.6 Billion in 2020.
- Pakistan's cumulative exports of 'Milled rice ...' (HS-100630) and 'Carcases of bovine animals ...' (HS-020110) to the GCC contributed 25.6 percent to Pakistan's total exports to the GCC in 2020. Other top exports of Pakistan to the GCC include 'Petroleum oils ...' (HS-270900), 'Guavas, mangoes and mangosteens ...' (HS-080450), 'Commodities n.e.s.' (HS-999999) and 'Men's or boys' ensembles of cotton ...' (HS-620322).
- Pakistan's exports of 'Commodities n.e.s.' (HS-999999), 'Fresh or dried dates ...' (HS-080410), 'Bovine cuts ...' (HS-020120) and 'Stainless steel ...' (HS-720421) etc. to the GCC have experienced the highest growth rates for the 2017-2020 period.
- Pakistan's import of 'Mineral fuels ...' (HS-27) from the GCC contributed 74.5 percent to Pakistan's total imports from the GCC in 2020.
 - GCC retained an average share of 75.2 percent in Pakistan's import of 'Mineral fuels ...' (HS-27) from the world for the 2017-2020 period.
 - Pakistan imports 'Mineral fuels ...' (HS-27) from the GCC in huge quantities and is expected to do so in the near future regardless of the signing of the Proposed Pakistan-GCC FTA as there are hardly any competitors of GCC in Pakistan's market for the said product.
- Other top imports of Pakistan from the GCC include 'Polypropylene ...' (HS-390210), 'Waste and scrap of iron or steel ...' (HS-720449) and 'Polyethylene ...' (HS-390110 and HS-390120).

- Pakistan's imports of 'Cane or beet sugar ...' (HS-170199), 'Chemical products ...' (HS-382499) and 'Polyether's ...' (HS-390720) etc. from the GCC have experienced the highest growth rates for the 2017-2020 period.
- GCC's exports match Pakistan's imports more closely relative to Pakistan's exports with GCC's imports. 26.8 percent of Pakistan's exports complement GCC's imports while 42.0 percent of GCC's exports complement Pakistan's imports.

Pakistan's Trade Potential

- The total export potential of Pakistan to GCC for the top 10 potential 'Fruits & Vegetable Products' (HS-06 – HS-14) at HS-06 level was US\$ 1.6 Billion while the actual exports were US\$ 519.1 Million in 2020.
- The total export potential of Pakistan to GCC for the top 10 potential textile products at HS-06 level was US\$ 1.3 Billion while the actual exports were only US\$ 58.4 Million in 2020.
- Pakistan's export potential for 'Instruments used in medical, surgical or veterinary sciences ...' (HS-901890) to GCC was US\$ 347.6 Million while the actual export was US\$ 13.7 Million in 2020.
- In 2020 at HS-06, the total export potential of Pakistan to GCC for the top 10 potential products belonging to 'Foodstuffs, Beverages, Spirits & Vinegar and Tobacco Products' (HS-16 – HS-24) was US\$ 270.2 Million while the actual exports were US\$ 81.1 Million.
- The total export potential of Pakistan to GCC for the top 10 potential chemical or allied industries products at HS-06 level was US\$ 261.8 Million while the actual exports were only US\$ 9.3 Million in 2020.
- The total export potential of Pakistan to GCC for the top 10 potential metal products at HS-06 level was US\$ 235.0 Million while the actual exports were only US\$ 18.9 Million in 2020.

GCC's Trade Potential

- The total export potential of GCC to Pakistan for the top 10 potential mineral products at HS-06 level was US\$ 4.8 Billion while the actual exports were US\$ 4.1 Billion in 2020.
- The total export potential of GCC to Pakistan for the top 10 potential machinery & electrical equipment products at HS-06 level was US\$ 1.4 Billion while the actual exports were only US\$ 16.6 Million in 2020.
- The total export potential of GCC to Pakistan for the top 10 potential chemical or allied industries products at HS-06 level was US\$ 957.3 Million while the actual exports were US\$ 152.6 Million in 2020.

- The total export potential of GCC to Pakistan for the top 10 potential plastics & rubber products at HS-06 level was US\$ 878.8 Million while the actual exports were US\$ 692.2 Million in 2020.
- The total export potential of GCC to Pakistan for the top 10 potential metal products at HS-06 level was US\$ 780.7 Million while the actual exports were US\$ 248.1 Million in 2020.

Pakistan-GCC Bilateral Trade in Services

- Pakistan's overall trade deficit in services with the GCC has increased from US\$ 1.1 Billion in FY 2016 to US\$ 1.3 Billion in FY 2020.
- Pakistan's exports of services to GCC were worth US\$ 886.6 Million while its imports of services from GCC were worth US\$ 2.1 Billion in FY 2020.
- Pakistan's exports of services to the GCC countries accounted for 16.3 percent of Pakistan's global exports in services in FY 2020.
- Pakistan has a potential of exporting more of
 - 'Non-commercial services' (Government Goods and Services n.i.e) to GCC given a CAGR of 14.4 percent for the FY 2016-FY 2020 period.
 - 'Telecommunications, Computer, And Information' services to GCC given a CAGR of 17.5 percent for the FY 2016-FY 2020 period.
 - 'Construction' services to GCC given a CAGR of 19.1 percent for the FY 2016-FY 2020 period.
- Pakistan's imports of services from the GCC countries accounted for 24.5 percent of Pakistan's global imports of services in FY 2020.
- GCC has the potential for exporting more of 'Financial services', 'Non-commercial services' (Government Goods and Services n.i.e), and 'Insurance and pension services' to Pakistan given the CAGRs of 18.9 percent, 37.1 percent and 33.3 percent, respectively, for the FY 2016 to FY 2020 period.

Issues Identified in the Preparation of this Study

Issues in Saudi Arabia

General Issues

- Pakistani exporters and businessmen have focused on the UAE and have neglected the Saudi Arabian market and as a result there is a lack of presence of top Pakistani companies and brands for agricultural products, textiles, leather products and 'Pharmaceutical products' (HS-30) etc. in Saudi Arabia.
- Most Pakistani exporters of agricultural products are not growers themselves which restricts their ability to influence their supply chains, both backward as well as forwards.
- Pakistani products are available in Saudi Arabia mostly in small shops but the Saudi Arabian customers usually shop from hyperstores or order products online.

Compliance Issues and Disputes

- There are strict quality and compliance standards in Saudi Arabia including relevant licensing requirements which Pakistani companies find difficult to comply with.
- There is no proper mechanism for trade dispute resolution in Saudi Arabia.

Issues in Export of 'Basmati Rice' (HS-10063010) to Saudi Arabia

- Importing 'Basmati Rice' (HS-10063010) from Pakistan into Saudi Arabia costs US\$ 100/Metric Ton more than importing it from India. Thus, even Pakistani businessmen working in Saudi Arabia prefer to import Indian 'Basmati Rice' (HS-10063010) and then sell it in the Saudi Arabian market.

Logistics Issues

- Pakistan's exports including products like fruits, meat and rice to Saudi Arabia are currently transported via roads on trucks to Riyadh, Saudi Arabia after reaching the UAE.
- The cost of containers for Pakistani exporters to export to Saudi Arabia has also increased significantly in the recent past.

Language Barrier

There is also a language barrier for Pakistan in trade activities for a number of products including 'Pharmaceutical products' (HS-30) with Saudi Arabia which also creates issues in getting export licenses for Pakistani exporters.

Issues in Investment

- Pakistani IT companies and Regional Tech companies are more inclined towards UK, Canada and western countries as compared to Saudi Arabia for exporting their services.
- Pakistan lacks energy resources including gas which also creates issues in generating electricity making it difficult to attract foreign investment in any industry from Saudi Arabian companies.

Issues in Qatar

General Issues

- India is a major regional competitor of Pakistan throughout the GCC due to costs and logistics advantages.
- The government of Pakistan has not incentivized the development of testing centers in Pakistan where the required quality tests for shipping into the GCC markets can be performed in a cost-effective manner.
- Qatar has been following a rather independent trade policy since the blockade.

Sector Specific Issues

- Pakistan finds it tough to compete in exports of agricultural products with India in Qatar due to the fact that even large-scale exporters in Pakistan have supply constraints.
- Qatar imposed non-tariff barriers (NTB) on imports of dairy products from Pakistan as the country would not allow imports from countries which have a high number of animal diseases specially since they have invested a huge sum in their nascent dairy industry post blockade.



Recommendations

Recommendations for the Proposed Pakistan-GCC FTA

- The Pakistan Business Council (PBC) strongly recommends that the government of Pakistan defer signing of the Proposed Pakistan-GCC FTA for the following reasons:
 - Pakistan is likely to continue to import 'Mineral fuels ...' (HS-27) in large quantities from the GCC regardless of the signing of the Proposed FTA. The GCC had a share of roughly 75.2 percent in Pakistan's import of 'Mineral fuels ...' (HS-27) from the world between 2017 & 2020.
 - As part of a similar trade agreement, Pakistan offered a Margin of preference (MOP) on import of Palm Oil from Malaysia as part of the Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA). The same MOP had to be offered on palm oil imports when Pakistan signed the Indonesia-Pakistan Preferential Trade Agreement (IPPTA). What is important to note here is that Pakistan gets all its imports of Palm Oil from Malaysia and Indonesia and reducing tariffs only impacted the FBR's revenues.
 - The revenues of the government of Pakistan will likely be lost if it ends up giving any sort of tariff concession on import of 'Mineral fuels ...' (HS-27) from the GCC under the Proposed Pakistan-GCC FTA.
- The exports of 'Pharmaceutical products' (HS-30), medical devices, sports goods including footballs, agricultural products, textiles and technology services etc. require special attention and a special package needs to be developed for these sectors. Just a reduction in the tariff will likely not serve the purpose.
- Pakistani government should incentivize the development of testing centers in Pakistan where compliance tests can be performed in a cost-effective manner which will improve the quality of Pakistani products to match international standards.
- Pakistani government must facilitate exporters in terms of prompt & efficient customs clearances, subsidized freight charges, and granting incentives for non-traditional markets and non-traditional products to encourage destination and product diversification.
- Pakistan needs to safeguard its local industry and ensure avoiding indirect imports of Chinese and Indian products via Dubai.
- Smooth flow of manpower and visas should be covered under the proposed Pakistan-GCC FTA.
- Smooth flow of capital and royalties should also be covered under the proposed Pakistan-GCC FTA.
- There should be an ease in opening and utilization of Letter of Credits (LCs) against imports of services under the proposed Pakistan-GCC FTA.

- Investors from GCC should be supported by giving them access to Special Economic Zones (SEZs) in Pakistan where only investors from GCC should be allowed to work.
- Investment should not be made a part of the proposed Pakistan-GCC FTA and Pakistan should deal with investment through bilateral investment treaties with all 6 GCC states.
- Pakistan should also engage bilaterally with Qatar and Oman, while simultaneously negotiating the proposed Pakistan-GCC FTA, as the two seem to also have independent trade relationships.
- The government of Pakistan should strengthen the dispute resolution mechanism in Pakistan by making the Trade Dispute Resolution Organization (TDRO) active by getting the Act approved by the cabinet.
- TDRO, in coordination with its counterparts in the GCC, should make sure that the trade damages are covered by exporters on either side in case the quality specifications are not met.

Proposals for Inclusion in the Product Lists under the Proposed Pakistan-GCC FTA

Proposed Sensitive/Negative List of Pakistan

The table below lists suggestions from Pakistani business groups for products to be included in **sensitive/negative list of Pakistan** under the proposed Pakistan-GCC FTA.

These are a total of 101 products at HS-06 level.

Table 38: Proposed Sensitive/Negative List of Pakistan under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	Pakistan's Imports from GCC 2020	Pakistan's Total Imports 2020	% Share of GCC in Total Imports	Current Tariff Applied by Pakistan on GCC (%)
HS – 29 Organic chemicals						
1	290545	Glycerol	0.03	3.22	0.90	20
2	291570	Palmitic acid, stearic acid, their salts and esters	0.00	2.71	0.00	14
3	291736	Terephthalic acid and its salts	0.00	52.10	0.00	10
HS – 32 Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter, paints and varnishes; putty and other mastics; inks						
4	320412	Synthetic organic acid dyes, whether or not metallised, and synthetic organic mordant dyes; ...	0.00	13.70	0.01	16
5	320420	Synthetic organic products of a kind used as fluorescent brightening agents, whether or not ...	0.00	8.22	0.00	20
6	320490	Synthetic organic products of a kind used as luminophores, whether or not chemically defined	0.06	0.69	8.84	20
7	321100	Prepared driers	0.41	1.70	24.35	16
HS – 33 Essential oils and resinoids; perfumery, cosmetic or toilet preparations						
8	330510	Shampoos	0.99	7.23	13.67	20
9	330720	Personal deodorants and antiperspirants	2.92	4.04	72.21	20
10	330749	Preparations for perfuming or deodorising rooms, incl. odoriferous preparations used during ...	0.39	1.04	36.88	20

Table 38: Proposed Sensitive/Negative List of Pakistan under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	Pakistan's Imports from GCC 2020	Pakistan's Total Imports 2020	% Share of GCC in Total Imports	Current Tariff Applied by Pakistan on GCC (%)
HS – 34 Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, "dental waxes" and dental preparations with a basis of plaster						
11	340111	Soap and organic surface-active products and preparations, in the form of bars, cakes, moulded ...	0.68	1.62	41.78	20
12	340120	Soap in the form of flakes, granules, powder, paste or in aqueous solution	0.26	2.06	12.79	20
13	340130	Organic surface-active products and preparations for washing the skin, in the form of liquid ...	0.29	5.24	5.53	20
14	340213	Non-ionic organic surface-active agents, whether or not put up for retail sale (excluding soap)	1.92	38.45	4.98	16
15	340220	Surface-active preparations, washing preparations, auxiliary washing preparations and cleaning ...	0.21	2.34	8.83	20
HS – 38 Miscellaneous chemical products						
16	380620	Salts of rosin, of resin acids or of derivatives of rosin or resin acids (excluding salts of ...	0.00	1.16	0.00	11
17	380891	Insecticides (excluding goods of subheading 3808.50)	0.63	112.59	0.56	10
18	380894	Disinfectants (excluding goods of subheading 3808.50)	0.20	5.69	3.50	3
19	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs, and other products ...	0.10	32.17	0.30	10
20	380992	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs, and other products ...	0.00	4.10	0.02	16
21	382311	Stearic acid, industrial	0.00	2.18	0.00	20
22	382319	Fatty acids, industrial, monocarboxylic; acid oils from refining (excluding stearic acid, oleic ...	0.62	24.95	2.48	15
HS – 39 Plastics and articles thereof						
23	390390	Polymers of styrene, in primary forms (excluding polystyrene, styrene-acrylonitrile copolymers ...	0.07	1.60	4.50	11
24	390512	Poly"vinyl acetate", in aqueous dispersion	0.08	0.62	12.78	20
25	390521	Vinyl acetate copolymers, in aqueous dispersion	0.00	5.39	0.00	11
26	390690	Acrylic polymers, in primary forms (excluding poly"methyl methacrylate")	2.23	86.51	2.58	10

Table 38: Proposed Sensitive/Negative List of Pakistan under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	Pakistan's Imports from GCC 2020	Pakistan's Total Imports 2020	% Share of GCC in Total Imports	Current Tariff Applied by Pakistan on GCC (%)
27	390730	Epoxide resins, in primary forms	0.39	8.09	4.81	16
28	390750	Alkyd resins, in primary forms	0.00	2.19	0.00	20
29	390760	Poly"ethylene terephthalate", in primary forms	0.00	0.00	-	0
30	390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g	0.30	13.96	2.18	14
31	390769	Poly"ethylene terephthalate", in primary forms, having a viscosity number of < 78 ml/g	0.09	16.05	0.56	14
32	390791	Unsaturated polyallyl esters and other polyesters, in primary forms (excluding polycarbonates, ...	0.12	0.91	13.05	20
33	390799	Saturated polyesters in primary forms (excluding polycarbonates, alkyd resins, poly"ethylene ...	0.25	5.38	4.61	20
34	390910	Urea resins and thiourea resins, in primary forms	0.02	0.93	1.72	20
35	390920	Melamine resins, in primary forms	0.10	0.82	11.57	20
36	390940	Phenolic resins, in primary forms	0.02	3.11	0.71	20
37	391000	Silicones in primary forms	0.03	39.08	0.08	3
38	392062	Plates, sheets, film, foil and strip, of non-cellular poly"ethylene terephthalate", not reinforced, ...	0.71	4.92	14.34	20
39	392063	Plates, sheets, film, foil and strip, of non-cellular unsaturated polyesters, not reinforced, ...	0.14	3.35	4.17	20
40	392069	Plates, sheets, film, foil and strip, of non-cellular polyesters, not reinforced, laminated, ...	0.00	1.10	0.00	20
HS – 54 Man-made filaments; strip and the like of man-made textile materials						
41	540233	Textured filament yarn of polyester (excluding that put up for retail sale)	0.07	201.59	0.03	11
42	540246	Filament yarn of polyester, incl. monofilament of < 67 decitex, single, untwisted or with a ...	0.00	0.72	0.00	11
43	540247	Filament yarn of polyester, incl. monofilament of < 67 decitex, single, untwisted or with a ...	0.00	84.95	0.00	11
44	540252	Filament yarn of polyester, incl. monofilament of < 67 decitex, single, with a twist of > 50 ...	0.00	1.25	0.00	11
45	540259	Synthetic filament yarn, incl. synthetic monofilament of < 67 decitex, single, with a twist ...	0.00	0.00	0.00	11
46	540262	Multiple "folded" or cabled filament yarn of polyester, incl. monofilament of < 67 decitex ...	0.00	3.39	0.00	11
47	540710	Woven fabrics of high-tenacity yarn, nylon, other polyamides or polyesters, incl. monofilament ...	0.02	0.54	3.92	16

Table 38: Proposed Sensitive/Negative List of Pakistan under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	Pakistan's Imports from GCC 2020	Pakistan's Total Imports 2020	% Share of GCC in Total Imports	Current Tariff Applied by Pakistan on GCC (%)
48	540751	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	0.00	3.39	0.09	16
49	540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	0.01	8.19	0.17	16
50	540753	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	0.00	0.02	0.00	16
51	540754	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	0.05	2.89	1.69	16
52	540761	Woven fabrics of yarn containing >= 85% by weight of non-textured polyester filaments, incl. ...	0.00	4.36	0.00	16
53	540769	Woven fabrics of yarn containing >= 85% by weight of mixtures of textured and non-textured ...	0.00	0.77	0.00	16
54	540771	Woven fabrics of yarn containing >= 85% synthetic filament by weight, incl. monofilament of ...	0.00	0.01	0.00	16
55	540772	Woven fabrics of yarn containing >= 85% synthetic filament by weight, incl. monofilament of ...	0.00	0.46	0.00	16
56	540773	Woven fabrics of yarn containing >= 85% synthetic filament by weight, incl. monofilament of ...	0.00	0.05	0.00	16
57	540774	Woven fabrics of yarn containing >= 85% synthetic filament by weight, incl. monofilament of ...	0.00	0.05	0.00	16
58	540781	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	0.00	0.00	-	16
59	540782	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	0.00	0.54	0.00	16
60	540783	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	0.00	0.00	-	16
61	540784	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	0.00	0.01	0.00	16
62	540791	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	0.00	0.01	0.00	16
63	540792	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	0.00	0.16	0.00	16

Table 38: Proposed Sensitive/Negative List of Pakistan under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	Pakistan's Imports from GCC 2020	Pakistan's Total Imports 2020	% Share of GCC in Total Imports	Current Tariff Applied by Pakistan on GCC (%)
64	540793	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	0.00	0.05	0.00	16
65	540794	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. ...	0.01	0.67	1.94	16
HS – 55 Man-made staple fibres						
66	550320	Staple fibres of polyesters, not carded, combed or otherwise processed for spinning	0.00	127.81	0.00	11
67	551211	Woven fabrics containing >= 85% polyester staple fibres by weight, unbleached or bleached	0.00	0.00	-	16
68	551219	Woven fabrics containing >= 85% polyester staple fibres by weight, dyed, made of yarn of different ...	0.18	0.46	38.70	16
69	551311	Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, ...	0.00	0.00	0.00	16
70	551312	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	0.00	0.00	0.00	16
71	551313	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	0.00	0.00	-	16
72	551319	Woven fabrics containing predominantly, but < 85% synthetic staple fibres by weight, mixed ...	0.00	0.00	-	16
73	551321	Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, ...	0.00	0.00	0.00	16
74	551323	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	0.00	0.02	0.00	16
75	551331	Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, ...	0.00	0.01	0.00	16
76	551341	Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, ...	0.00	0.02	0.00	16
77	551411	Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, ...	0.00	0.00	-	16
78	551412	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	0.00	0.00	-	16
79	551421	Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, ...	0.00	0.09	0.00	16
80	551422	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	0.00	0.17	0.00	16
81	551423	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	0.00	0.01	0.00	16
82	551430	Woven fabrics containing predominantly, but < 85% synthetic staple fibres by weight, mixed ...	0.00	0.09	0.00	16

Table 38: Proposed Sensitive/Negative List of Pakistan under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	Pakistan's Imports from GCC 2020	Pakistan's Total Imports 2020	% Share of GCC in Total Imports	Current Tariff Applied by Pakistan on GCC (%)
83	551441	Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, ...	0.00	0.00	-	16
84	551442	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	0.00	0.49	0.00	16
85	551443	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	0.00	0.01	0.00	16
86	551511	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	0.83	1.32	62.36	16
87	551512	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	0.00	0.03	0.00	16
88	551591	Woven fabrics containing predominantly, but < 85% synthetic staple fibres, mixed principally ...	0.00	0.01	0.00	16
89	551599	Woven fabrics containing predominantly, but < 85% synthetic staple fibres, other than those ...	0.00	0.03	0.00	16
90	551611	Woven fabrics containing >= 85% artificial staple fibres by weight, unbleached or bleached	0.00	0.00	-	16
91	551612	Woven fabrics containing >= 85% artificial staple fibres by weight, dyed	0.00	2.57	0.00	16
92	551613	Woven fabrics containing >= 85% artificial staple fibres by weight, made of yarn of different ...	0.00	0.02	0.00	16
93	551614	Woven fabrics containing >= 85% artificial staple fibres by weight, printed	0.00	2.64	0.00	16
94	551621	Woven fabrics containing predominantly, but < 85% artificial staple fibres, mixed principally ...	0.00	0.22	0.00	16
95	551622	Woven fabrics containing predominantly, but < 85% artificial staple fibres, mixed principally ...	0.00	0.00	-	16
96	551623	Woven fabrics containing predominantly, but < 85% artificial staple fibres, mixed principally ...	0.00	0.14	0.00	16
97	551624	Woven fabrics containing predominantly, but < 85% artificial staple fibres by weight, mixed ...	0.00	0.01	0.00	16
98	551641	Woven fabrics containing predominantly, but < 85% artificial staple fibres by weight, mixed ...	0.00	0.00	-	16
99	551642	Woven fabrics containing predominantly, but < 85% artificial staple fibres by weight, mixed ...	0.00	0.02	0.00	16
100	551643	Woven fabrics containing predominantly, but < 85% artificial staple fibres by weight, mixed ...	0.00	0.00	-	16
101	551644	Woven fabrics containing predominantly, but < 85% artificial staple fibres by weight, mixed ...	0.00	0.03	0.00	16

Source: ITC, Trade Map

Proposed Concession List of Pakistan

The table below lists suggestions from Pakistani business groups for products to be included in the **Concession List of Pakistan** for preferential imports from the GCC countries under the proposed Pakistan-GCC FTA.

Table 39: Proposed Concession List of Pakistan under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	Pakistan's Imports from GCC 2020	Pakistan's Total Imports 2020	% Share of GCC in Total Imports	MFN Tariff Applied by Pakistan on GCC (%)
HS – 27 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes						
1	271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	1,453.48	1,605.69	90.52	12
2	271220	Paraffin wax containing < 0,75% by weight of oil	0.04	2.68	1.38	11
HS – 28 Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes						
3	280300	Carbon (carbon blacks and other forms of carbon, n.e.s.)	7.02	26.49	26.50	16
HS – 29 Organic chemicals						
4	290230	Toluene	0.00	6.89	0.00	3
5	290250	Styrene	28.73	60.90	47.18	3
6	290511	Methanol "methyl alcohol"	37.52	37.82	99.22	3
7	290514	Butanols (excluding butan-1-ol "n-butyl alcohol")	0.66	2.48	26.50	3
8	290531	Ethylene glycol "ethanediol"	149.53	151.51	98.69	3
9	290542	Pentaerythritol	0.20	4.56	4.37	3
10	290941	2,2'-Oxydiethanol "diethylene glycol, digol"	8.04	10.24	78.50	3
11	290949	Ether-alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives (excluding ...	0.37	2.93	12.48	3
12	291260	Paraformaldehyde	0.39	0.48	82.11	3
13	291532	Vinyl acetate	4.10	12.83	31.99	3
14	291612	Esters of acrylic acid	3.21	13.75	23.36	3
15	291614	Esters of methacrylic acid	1.64	5.89	27.94	3
16	291739	Aromatic polycarboxylic acids, their anhydrides, halides, peroxides, peroxyacids and their ...	0.00	2.92	0.00	9
17	292211	Monoethanolamine and its salts	0.40	0.57	70.67	3
18	292212	Diethanolamine and its salts	0.63	0.86	73.57	3

Table 39: Proposed Concession List of Pakistan under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	Pakistan's Imports from GCC 2020	Pakistan's Total Imports 2020	% Share of GCC in Total Imports	Current Tariff Applied by Pakistan on GCC (%)
19	293399	Heterocyclic compounds with nitrogen hetero-atom[s] only (excluding those containing an unfused ...	1.21	45.41	2.66	7
20	293420	Heterocyclic compounds containing in the structure a benzothiazole ring-system, whether or ...	0.01	3.58	0.20	3
HS – 34 Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, "dental waxes" and dental preparations with a basis of plaster						
21	340420	Poly"oxyethylene" [polyethylene glycol] waxes	0.54	3.78	14.26	3
HS – 37 Photographic or cinematographic goods						
22	370110	Photographic plates and film in the flat, sensitised, unexposed, for X-ray (excluding of paper, ...	0.00	12.08	0.02	3
HS – 38 Miscellaneous chemical products						
23	382440	Prepared additives for cements, mortars or concretes	0.51	3.99	12.74	16
HS – 39 Plastics and articles thereof						
24	390130	Ethylene-vinyl acetate copolymers, in primary forms	9.41	19.40	48.50	11
25	390410	Poly"vinyl chloride", in primary forms, not mixed with any other substances	6.15	101.93	6.04	11
HS – 40 Rubber and articles thereof						
26	400219	Styrene-butadiene rubber "SBR"; carboxylated styrene-butadiene rubber "XSBR", in primary forms ...	5.55	35.76	15.51	3
27	400300	Reclaimed rubber in primary forms or in plates, sheets or strip	0.78	2.52	31.13	3
HS – 59 Impregnated, coated, covered or laminated textile fabrics, textile articles of a kind suitable for industrial use						
28	590210	Tyre cord fabric of high-tenacity yarn of nylon or other polyamides, whether or not dipped ...	0.00	14.02	0.00	3
29	5911	Textile products and articles, for technical use, specified in Note 7 to chapter 59	0.02	8.68	0.20	6

Table 39: Proposed Concession List of Pakistan under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	Pakistan's Imports from GCC 2020	Pakistan's Total Imports 2020	% Share of GCC in Total Imports	MFN Tariff Applied by Pakistan on GCC (%)
HS - 72 Iron and steel						
30	7216	Angles, shapes and sections of iron or non-alloy steel, n.e.s.	0.46	3.15	14.56	17
31	7225	"Flat-rolled products of alloy steel other than stainless, of a width of >= 600 mm, hot-rolled ...	0.06	326.90	0.02	11
HS – 81 Other base metals; cermets; articles thereof						
32	810890	Articles of titanium, n.e.s.	0.00	0.46	0.22	3
HS - 84 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof						
33	8413	Pumps for liquids, whether or not fitted with a measuring device (excluding ceramic pumps and ...	4.08	167.16	2.44	16
34	842139	Machinery and apparatus for filtering or purifying gases (excluding isotope separators and ...	0.70	33.18	2.11	13
35	8481	Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, ...	1.94	123.85	1.57	24
HS – 85 Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles						
36	853690	Electrical apparatus for switching electrical circuits, or for making connections to or in ...	0.16	13.15	1.22	11
37	854519	Electrodes of graphite or other carbon, for electrical purposes (excluding those used for furnaces)	0.00	0.05	1.96	16
HS – 90 Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof						
38	902490	Parts and accessories for machines and appliances for testing the mechanical properties of ...	0.01	0.01	0.70	3
39	903090	Parts and accessories for instruments and apparatus for measuring or checking electrical quantities ...	0.03	0.03	2.66	3

Source: ITC, Trade Map

Proposed Concession List of GCC

The table below lists items proposed by Pakistani business groups for inclusion in the **Concession List of GCC countries for preferential imports from Pakistan** under the proposed Pakistan-GCC FTA.

Table 40: Proposed Concession List of GCC under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	GCC's Imports from Pakistan 2020	GCC's Total Imports 2020	% Share of Pakistan in Total Imports	MFN Tariff Applied on Pakistan by GCC (%)
HS – 02 Meat and edible meat offal						
1	020711	Fresh or chilled fowls of the species Gallus domesticus, not cut in pieces	0.00	67.46	0.00	5 ³
2	020712	Frozen fowls of the species Gallus domesticus, not cut in pieces	0.00	1,298.85	0.00	5 ⁴
3	020713	Fresh or chilled cuts and edible offal of fowls of the species Gallus domesticus	0.00	45.67	0.00	5 ⁵
4	020714	Frozen cuts and edible offal of fowls of the species Gallus domesticus	0.00	982.70	0.00	5 ⁶
5	020724	Fresh or chilled turkeys of the species domesticus, not cut in pieces	-	-	-	5
6	020725	Frozen turkeys of the species domesticus, not cut into pieces	0.00	1.91	0.00	5
7	020726	Fresh or chilled cuts and edible offal of turkeys of the species domesticus	0.00	0.56	0.00	5
8	020727	Frozen cuts and edible offal of turkeys of the species domesticus	0.00	16.61	0.00	5
HS – 04 Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included						
9	0401	Milk and cream, not concentrated nor containing added sugar or other sweetening matter	0.01	237.80	0.00	5
10	0402	Milk and cream, concentrated or containing added sugar or other sweetening matter	0.21	2561.07	0.01	5
11	040299	Milk and cream, concentrated and sweetened (excluding in solid forms)	0.11	178.26	0.06	0 ⁷
12	0404	Whey, whether or not concentrated or containing added sugar or other sweetening matter; products ...	0.00	54.53	0.00	5
13	0405	Butter, incl. dehydrated butter and ghee, and other fats and oils derived from milk; dairy ...	0.08	545.13	0.02	5

³ Only Saudi Arabia applies 20% tariff

⁴ Only Saudi Arabia applies 20% tariff

⁵ Only Saudi Arabia applies 20% tariff

⁶ Only Saudi Arabia applies 20% tariff

⁷ UAE applies 30% tariff while Saudi Arabia applies 5% tariff

Table 40: Proposed Concession List of GCC under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	GCC's Imports from Pakistan 2020	GCC's Total Imports 2020	% Share of Pakistan in Total Imports	MFN Tariff Applied on Pakistan by GCC (%)
14	0406	Cheese and curd	0.00	1472.87	0.00	5
15	040711	Fertilised eggs for incubation, of domestic fowls	8.87	149.25	5.94	0
HS – 07 Edible vegetables and certain roots and tubers						
16	070320	Garlic, fresh or chilled	0.14	164.86	0.08	0
HS – 09 Coffee, tea, mate and spices						
17	090422	Fruits of the genus Capsicum or of the genus Pimenta, crushed or ground	0.83	42.09	1.96	5
18	090922	Coriander seeds, crushed or ground	0.48	5.16	9.22	5
19	090932	Cumin seeds, crushed or ground	0.69	5.47	12.68	5
20	091012	Ginger, crushed or ground	0.17	3.34	5.15	5
21	091030	Turmeric "curcuma"	0.35	26.20	1.33	5
22	091091	Mixtures of different types of spices	30.37	88.51	34.31	5
HS – 11 Products of the milling industry; malt; starches; inulin; wheat gluten						
23	110220	Maize "corn" flour	0.00	2.14	0.00	0
HS – 14 Vegetable plaiting materials; vegetable products not elsewhere specified or included						
24	140490	Vegetable products n.e.s	2.42	24.79	9.76	5
HS – 16 Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates						
25	160100	Sausages and similar products, of meat, offal or blood; food preparations based on these products	0.00	114.33	0.00	5 ⁸
26	160232	Meat or offal of fowls of the species "Gallus domesticus", prepared or preserved (excluding ...	2.15	84.09	2.56	5
HS – 19 Preparations of cereals, flour, starch or milk; pastrycooks' products						
27	190190	Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing ...	0.92	433.60	0.21	2-267 ⁹
28	190219	Uncooked pasta, not stuffed or otherwise prepared, not containing eggs	4.59	197.70	2.32	5

⁸ Oman applies 29% tariff while the UAE applies 4% tariff

⁹ UAE applies the highest tariff while Bahrain and Kuwait apply the lowest tariffs

Table 40: Proposed Concession List of GCC under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions

S. No	HS-Code	Product Label	GCC's Imports from Pakistan 2020	GCC's Total Imports 2020	% Share of Pakistan in Total Imports	MFN Tariff Applied on Pakistan by GCC (%)
HS – 20 Preparations of vegetables, fruit, nuts or other parts of plants						
29	200190	Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar ...	4.89	71.27	6.86	5
30	200710	Homogenised preparations of jams, jellies, marmalades, fruit or nut purées and nut pastes, ...	0.11	9.61	1.17	5
31	200791	Citrus fruit jams, jellies, marmalades, purées or pastes, obtained by cooking, whether or not ...	0.02	3.97	0.58	5
32	200799	Jams, jellies, marmalades, purées or pastes of fruit, obtained by cooking, whether or not containing ...	1.34	83.89	1.59	5
HS – 21 Miscellaneous edible preparations						
33	210390	Preparations for sauces and prepared sauces; mixed condiments and seasonings (excluding soya ...	0.49	358.45	0.14	5
34	210500	Ice cream and other edible ice, whether or not containing cocoa	0.00	168.49	0.00	5
35	210690	Food preparations, n.e.s.	12.90	1432.58	0.90	5
HS – 22 Beverages, spirits and vinegar						
36	220900	Vinegar, fermented vinegar and substitutes for vinegar obtained from acetic acid	0.00	24.59	0.00	5
HS – 25 Salt; sulphur, earths and stone; plastering materials, lime and cement						
37	250100	Salts, incl. table salt and denatured salt, and pure sodium chloride, whether or not in aqueous ...	4.71	85.54	5.50	5
38	252310	Cement clinkers	3.17	57.49	5.51	5
39	252329	Portland cement (excluding white, whether or not artificially coloured)	0.01	80.75	0.01	5
HS – 28 Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes						
40	283620	Disodium carbonate	1.20	94.10	1.28	5

Table 40: Proposed Concession List of GCC under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions

S. No	HS-Code	Product Label	GCC's Imports from Pakistan 2020	GCC's Total Imports 2020	% Share of Pakistan in Total Imports	MFN Tariff Applied on Pakistan by GCC (%)
HS – 29 Organic chemicals						
41	290545	Glycerol	0.13	24.70	0.52	5
42	291570	Palmitic acid, stearic acid, their salts and esters	0.00	64.82	0.00	5
43	291736	Terephthalic acid and its salts	0.00	345.50	0.00	5
HS – 32 Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter, paints and varnishes; putty and other mastics; inks						
44	320420	Synthetic organic products of a kind used as fluorescent brightening agents, whether or not ...	0.21	13.00	1.62	5
HS – 33 Essential oils and resinoids; perfumery, cosmetic or toilet preparations						
45	330510	Shampoos	0.11	303.97	0.04	5
46	330720	Personal deodorants and antiperspirants	0.25	197.55	0.13	5
47	330749	Preparations for perfuming or deodorising rooms, incl. odoriferous preparations used during ...	0.11	95.78	0.11	5
HS – 34 Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, "dental waxes" and dental preparations with a basis of plaster						
48	340111	Soap and organic surface-active products and preparations, in the form of bars, cakes, moulded ...	0.14	251.21	0.06	5
49	340119	Soap and organic surface-active products and preparations, in the form of bars, cakes, moulded ...	0.06	38.52	0.16	5
50	340120	Soap in the form of flakes, granules, powder, paste or in aqueous solution	1.87	131.38	1.42	5
51	340130	Organic surface-active products and preparations for washing the skin, in the form of liquid ...	0.26	263.09	0.10	5
52	340220	Surface-active preparations, washing preparations, auxiliary washing preparations and cleaning ...	4.75	704.42	0.67	5
HS – 38 Miscellaneous chemical products						
53	380891	Insecticides (excluding goods of subheading 3808.50)	0.00	88.33	0.00	5
54	380894	Disinfectants (excluding goods of subheading 3808.50)	0.00	120.89	0.00	5
55	380991	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs, and other products ...	0.28	72.98	0.39	5

Table 40: Proposed Concession List of GCC under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	GCC's Imports from Pakistan 2020	GCC's Total Imports 2020	% Share of Pakistan in Total Imports	MFN Tariff Applied on Pakistan by GCC (%)
56	380992	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs, and other products ...	0.00	9.92	0.00	5
57	382499	Chemical products and preparations of the chemical or allied industries, incl. those consisting ...	0.27	376.44	0.07	5
HS – 39 Plastics and articles thereof						
58	390390	Polymers of styrene, in primary forms (excluding polystyrene, styrene-acrylonitrile copolymers ...	0.00	36.03	0.00	5
59	390690	Acrylic polymers, in primary forms (excluding poly"methyl methacrylate")	0.30	355.98	0.08	5
60	390750	Alkyd resins, in primary forms	0.00	13.83	0.00	5
61	390791	Unsaturated polyallyl esters and other polyesters, in primary forms (excluding polycarbonates, ...	0.00	50.36	0.00	5
62	390920	Melamine resins, in primary forms	0.00	5.05	0.00	5
63	391000	Silicones in primary forms	0.17	69.68	0.25	5
HS - 62 Articles of apparel and clothing accessories, not knitted or crocheted						
64	620332	Men's or boys' jackets and blazers of cotton (excluding knitted or crocheted, and wind-jackets ...	1.86	32.53	5.70	5
65	620339	Men's or boys' jackets and blazers of textile materials (excluding of wool, fine animal hair, ...	1.57	21.82	7.21	5
66	620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	15.38	260.28	5.91	5
67	620349	Men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials (excluding ...	1.87	81.02	2.30	5
68	620520	Men's or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...	0.98	144.15	0.68	5
69	620590	Men's or boys' shirts of textile materials (excluding of cotton or man-made fibres, knitted ...	0.71	28.27	2.51	5
70	620630	Women's or girls' blouses, shirts and shirt-blouses of cotton (excluding knitted or crocheted ...	1.39	67.22	2.06	5
71	620640	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excluding knitted or ...	0.00	82.67	0.00	5

Table 40: Proposed Concession List of GCC under the Proposed Pakistan-GCC FTA

*All Values in US\$, Millions						
S. No	HS-Code	Product Label	GCC's Imports from Pakistan 2020	GCC's Total Imports 2020	% Share of Pakistan in Total Imports	MFN Tariff Applied on Pakistan by GCC (%)
72	620791	Men's or boys' singlets and other vests, bathrobes, dressing gowns and similar articles of ...	2.28	8.55	26.65	5
73	620799	Men's or boys' singlets and other vests, bathrobes and dressing gowns of textile materials ...	0.64	4.26	15.07	5
74	621132	Men's or boys' tracksuits and other garments, n.e.s. of cotton (excluding knitted or crocheted)	8.75	52.24	16.75	5
75	621139	Men's or boys' tracksuits and other garments, n.e.s. of textile materials (excluding of cotton ...	0.78	20.42	3.81	5

Source: ITC, Trade Map

Recommendations for Increasing Trade and Investment between Pakistan and Saudi Arabia

Recommendations for Increasing Trade in Specific Sectors

- Pakistan needs to create its presence in every sector including pharmaceutical sector, textiles, paper industry, marble industry, food industry and IT industry in Saudi Arabia by way of getting the relevant licenses.

Recommendations for Increasing Trade in Services

- Pakistan has the unique advantage that it can train their young players and also build Cricket Stadiums given the renewed interest in cricket in Saudi Arabia and the establishment of Sport Ministry in Saudi Arabia in 2021.
- Pakistan should send educated workforce including engineers, IT specialists, professionals in education industry and healthcare specialists to Saudi Arabia in order to capitalize on the opportunity in services sector.
- Pakistan needs to work on its IT sector in order to provide services to Saudi Arabia by getting large-scale Pakistani IT companies registered in Saudi Arabia.
- Services like education and health facilities are in demand in Saudi Arabia and Pakistan has the potential to compete with India given the initial funding is provided to Pakistanis in Saudi Arabia.

Recommendations for Creating and Promoting Brands

- Pakistani companies need to be supported to create their presence in Saudi Arabia by way of online services, improving transportation logistics and establishing hyperstores in Saudi Arabian market.
- The government of Pakistan should facilitate Pakistan's Trade Mission in Saudi Arabia in establishing Pakistan Business Centre with an initial funding allowing Pakistani products to be displayed and Pakistani brands start getting recognition in Saudi Arabia.

Recommendations for Improving Logistics

- Saudi Post and Tranzum Courier Service (TCS) are encouraged to sign a Memorandum of Understanding which will allow TCS to transport Pakistani export products including food products, fruits, garments and leather to Saudi Arabian border and Saudi Post will then distribute it in Saudi Arabia.
- There needs to be a direct logistics route for transporting products from Pakistan to Saudi Arabia as this will help boost trade activities with Saudi Arabia and will allow for remittances to come into Pakistan from Saudi Arabia.
- The transactions will take place through Amazon and Noon without the need to get involved in Customs procedures in Pakistan.

Recommendations for Compliance with Quality Standards

- Pakistani government needs to have a check on quality control on products including textiles and food products before the shipment leaves for Saudi Arabia so that concerns raised by importers in Saudi Arabia are resolved.

Recommendations for Increasing Investment

- Pakistan should focus on investing in Saudi Arabia through Joint Ventures while at the same time trying to attract FDI from Saudi Arabia.
- The government of Pakistan should work on providing an enabling environment by means of making gas and electricity easily available in order to facilitate Saudi Arabian businesses to flourish in Pakistan.
- Pakistan's Board of Investment (BOI) needs to work on providing preliminary market studies in various sectors to market the opportunities available in Pakistan.

Recommendations for Increasing Trade and Investment between Pakistan and Qatar

- Pakistan is a very good producer of the animal fodder required by dairy farms and can export it to countries like Qatar and Saudi Arabia among other GCC countries as its difficult to grow it in GCC countries.
- Qatar also has a booming construction industry and Pakistan has an opportunity to invest in infrastructure related projects in Qatar.
- Qatar is a gateway to Africa since Doha is viewed as being a logistics hub and Pakistan can capitalize on this opportunity for exporting to African countries through Qatar because of the excellent relationship of Qatar with a number of African countries.
- Pakistan's exports of IT services and Fin-Tech should be incentivized by the government of Pakistan in order to compete with India specially in Qatar.
- Policy proposals and trade negotiations should be taking place through the Joint Working Group for Trade and Investment which was established between Pakistan and Qatar in 2021.

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