

WEAKENING TRADE TIES

Escalating tensions between India and Pakistan will worsen the already-strained trade ties between the two neighbours. **By Ramesh Chakrapani**

At a glance

India accounted for **2.5%** of Pakistan's total exports and **3.9%** of Pakistan's imports in the calendar year 2016.

Pakistan ranked **48th** among India's trading partners in 2016-17.

Pakistan ranked **4th** among South Asian countries on the basis of bilateral trade in 2016-17.

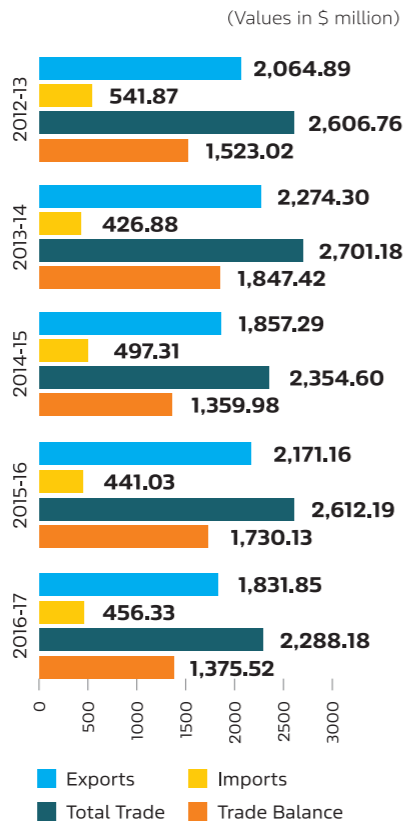
Between 1965 and 1975, there was **no trade** between the two countries.

In 1982, **Pakistan allowed** its private corporations to trade with India.

India provided **MFN status** to WTO members, including Pakistan in 1996.

Pakistan also maintains a list of **137 products** that can be imported only through Attari-Wagah border.

Trend of India-Pakistan Trade



Trade between India and Pakistan, which was already under strain over the past four years, is set to weaken further in the backdrop of ceasefire violations and cross-border conflicts since the last week of February.

According to data from the Department of Commerce under the Ministry of Commerce and Industry, India's exports to Pakistan recorded a 11.3 per cent decline in the five years between 2012-13 and 2016-17, while imports decreased by 15.8 per cent in the same period.

Imports from Pakistan declined substantially in 2013-14, but jumped in 2014-15 by 16.5 per cent before declining again in 2015-16 by 11.3 per cent. They showed a marginal rise of 3.5 per cent in 2016-17.

Overall, the total trade between the two countries fell from \$2.6 billion to \$2.3 billion in the five years.

With Pakistan, India has consistently enjoyed a favourable balance of trade, despite the fact that Pakistan maintains a negative list of 1,209 products that cannot be imported from India and also restricts imports through the crucial Attari-Wagah land border trading post to 137 items.

Pakistan's exports to all destinations in 2017 totalled \$21,877 million while its imports totalled \$57,440 million, leading to a negative trade balance of \$35,562 million, according to World Bank data.

India's principal exports to Pakistan (value in \$ million)

COMMODITY	2015-16	2016-17 (P)	% change
Cotton (raw) including waste	647.35	258.44	-60.08
Cotton yarn	131.71	214.94	63.19
Organic chemicals	85.55	179.73	110.07
Plastic raw materials	112.08	118.77	5.98
Manmade yarn, fabric, madeups	165.98	95.58	-42.42
Dyes	72.6	75.73	4.31
Bulk drugs & drug intermediates	65.81	71.33	8.38
Industrial machinery for dairy, etc	41.08	58.65	42.78
Fresh vegetables	38.79	55.11	42.06
Residual chemicals & allied products	40.75	53.43	31.12
Total of top 10 exports	1,401.71	1,181.71	-15.7
Total exports to Pakistan	2,171.15	1,831.86	-15.63
% share of top 10 in total exports	64.56	64.51	

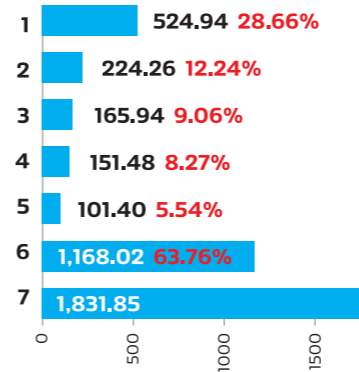
SOURCE: DGCI&S Database

Principal imports from Pakistan (value in \$ million)

COMMODITY	2015-16	2016-17	% change
Fresh fruits	89.26	126.63	41.87
Cement, clinker & asbestos cement	49.69	84.42	69.91
Petroleum products	116.39	78.56	-32.51
Bulk minerals & ores	17.24	21.51	24.78
Finished leather	12.92	20.53	58.91
Processed minerals	20.44	17.95	-12.18
Inorganic chemicals	13.94	15.42	10.55
Cotton (raw) including waste	21.59	12.41	-42.54
Cotton fabrics, madeups, etc	18.84	11.8	-37.35
Glass and glassware	5.97	7.76	29.88
Total of top 10 imports	366.28	396.99	8.38
Total imports from Pakistan	497.31	441.02	-11.32
% share of top 10 in total imports	79.73	86.39	

Exports to Pakistan

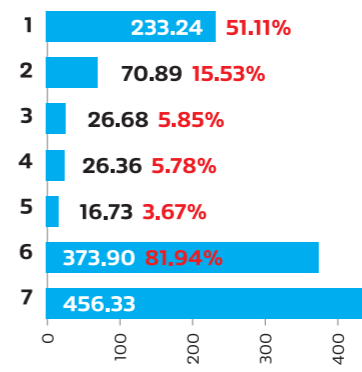
Top 5 ports (Value in \$ million)



- Nhava Sheva Sea
- Mundra
- Attari Road, Amritsar
- Amritsar Rly Station
- Sikka
- Exports to Pakistan
- Total exports

Imports from Pakistan

Top 5 ports (Values in \$ million)



- Attari Road, Amritsar
- Tuticorin Sea
- Mundra
- Nhava Sheva Sea
- New Mangalore Sea
- Imports from Pakistan
- Total imports

Pakistan's 2017 global exports

Export destination	Value (\$ million)	Export partner share (%)
U.S.	3,560.30	16.27
U.K.	1,634.95	7.47
Afghanistan	1,390.08	6.35
China	1,508.07	6.89
Germany	1,286.49	5.88
Spain	904.57	4.13
U.A.E.	869.05	3.97
Netherlands	758.21	3.47
Italy	703.34	3.21
Belgium	700.69	3.20
Bangladesh	646.40	2.95
South Korea	463.30	2.12
India	334.75	1.53
World	21,877.78	100

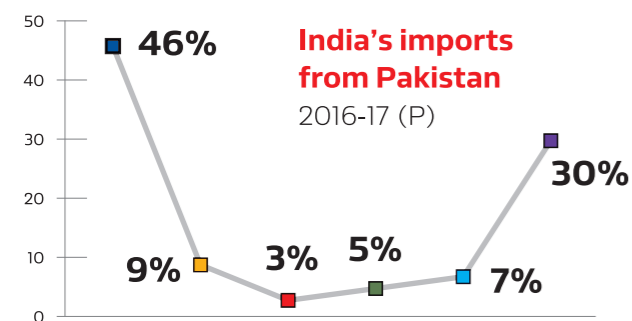
Pakistan's 2017 global imports

Import source	Value (\$ million)	Import partner share (%)
China	15,383.39	26.78
U.A.E	7,523.99	13.10
U.S.	2,842.54	4.95
Saudi Arabia	2,730.37	4.75
Indonesia	2,583.26	4.50
Japan	2,293.95	3.99
India	1,696.13	2.95
Qatar	1,608.30	2.80
Kuwait	1,468.12	2.56
Thailand	1,279.32	2.23
Germany	1,111.48	1.94
Malaysia	1,101.00	1.92
South Africa	1,043.85	1.82
World	57,440.01	100

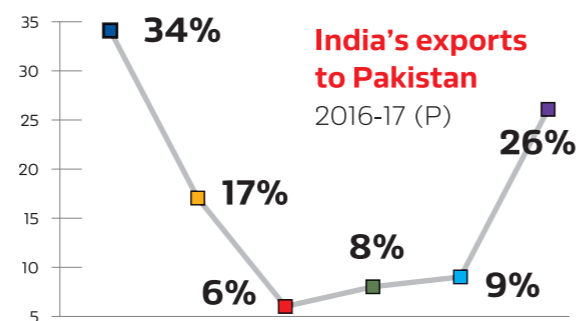
India-Pakistan bilateral trade

(Growth in percentage)

	2013-14	2014-15	2014-15	2016-17
Exports	10.14	-18.34	16.90	-15.63
Imports	-21.22	16.50	-11.32	3.47
Total trade	3.62	-12.83	10.94	-12.40
Trade balance	21.30	-26.38	27.22	-20.50



- Mineral products
- Products of chemical or allied industries
- Raw hides and skins, leather, furskins and articles thereof
- Textiles and textile articles
- Vegetable products
- Others



- Textiles and textile articles
- Machinery and mechanical appliances
- Plastics and articles thereof; rubber
- Vegetable products
- Products of chemical or allied industries
- Others