



CHINA-PAKISTAN FREE TRADE AGREEMENT II

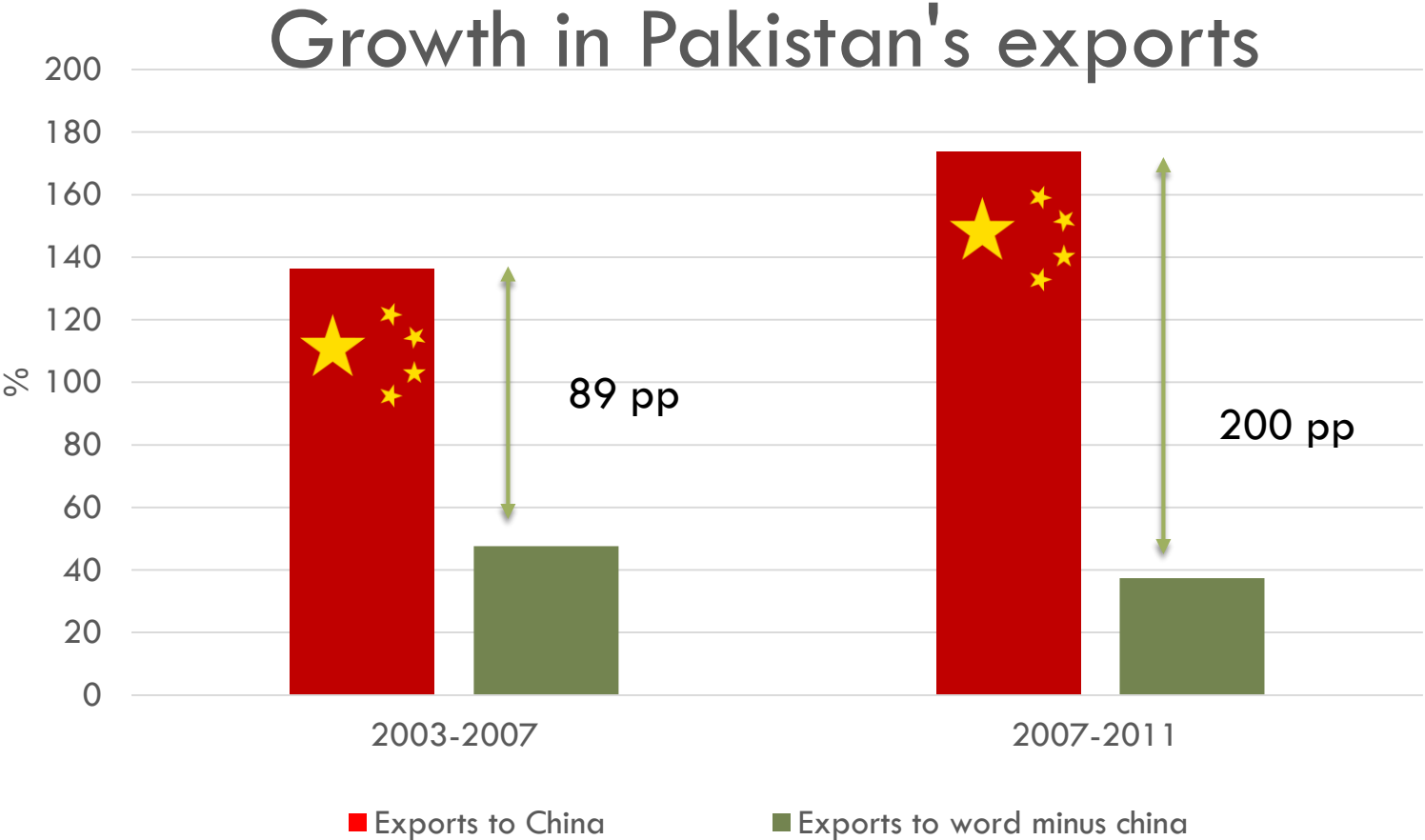
A Preliminary Assessment

CPFTA 1: Trade with China has increased far more than that with other countries...

Pakistan's trade following CPFTA1, 2007-2018, in USD bn

		2007	2018	Growth 2017-18 (%)
China	Exports	0.6	1.8	196
	Imports	4.2	14.5	249
Rest of the world (excluding China)	Exports	17	20	16
	Imports	28	46	60

..shifting further the higher growth trajectory that was there even before the FTA



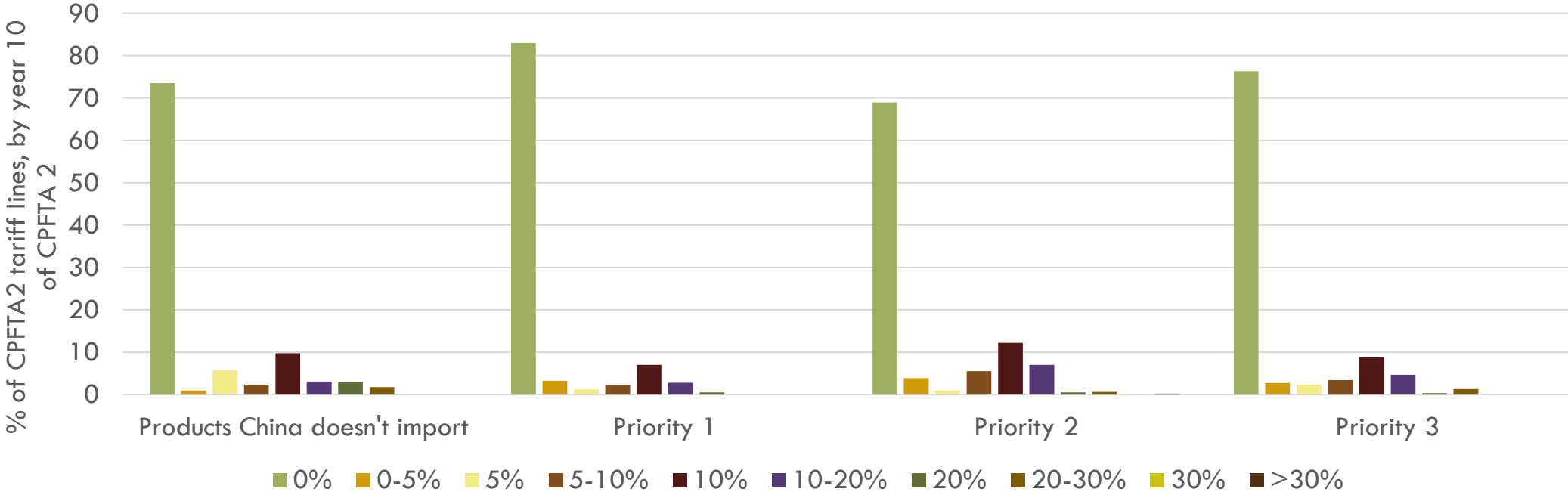
CPFTA 2: Export lines distributed by tariffs in China



Breakdown of the 8238 tariff lines in CPFTA 2

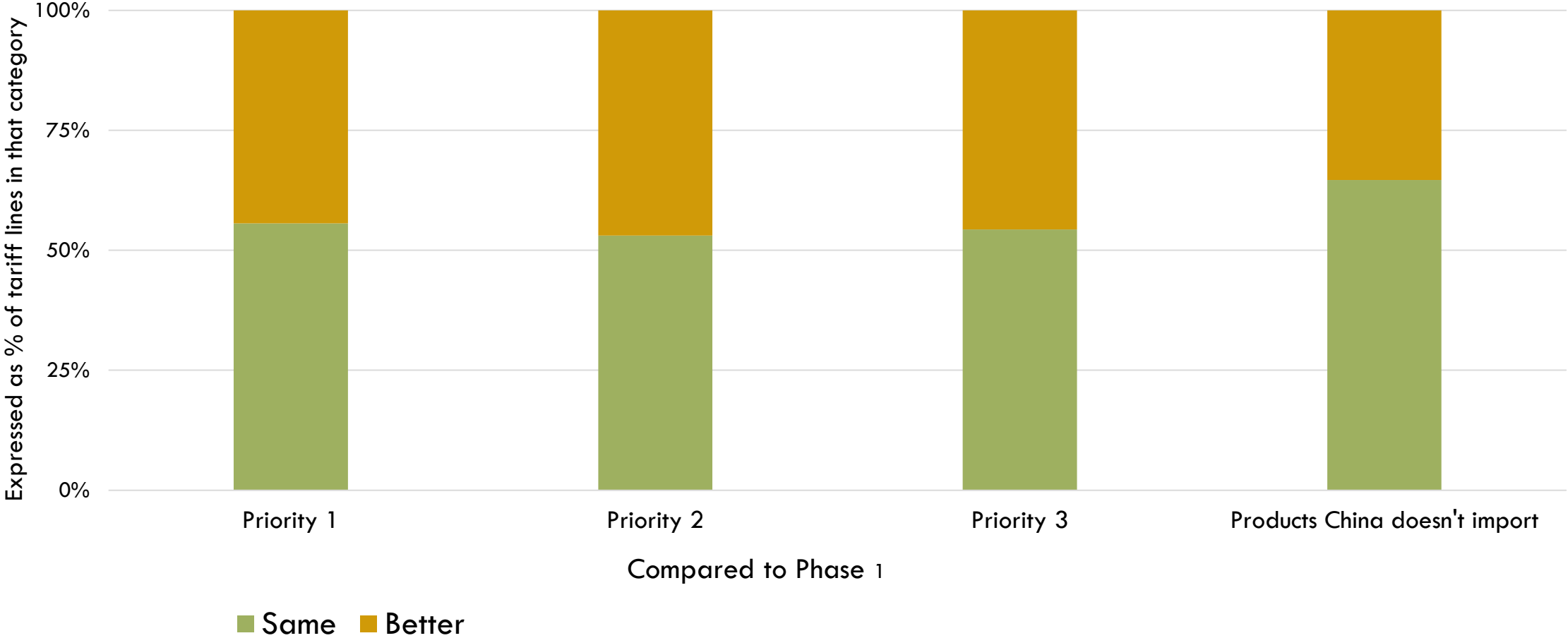
	Pakistan exports to China	Pakistan exports	China imports	No. of Tariff lines
Priority 1	✓	✓	✓	399
Priority 2		✓	✓	1424
Priority 3			✓	5378
Non-priority				1036
Total				8238

The large majority of tariff lines now face no duties in China



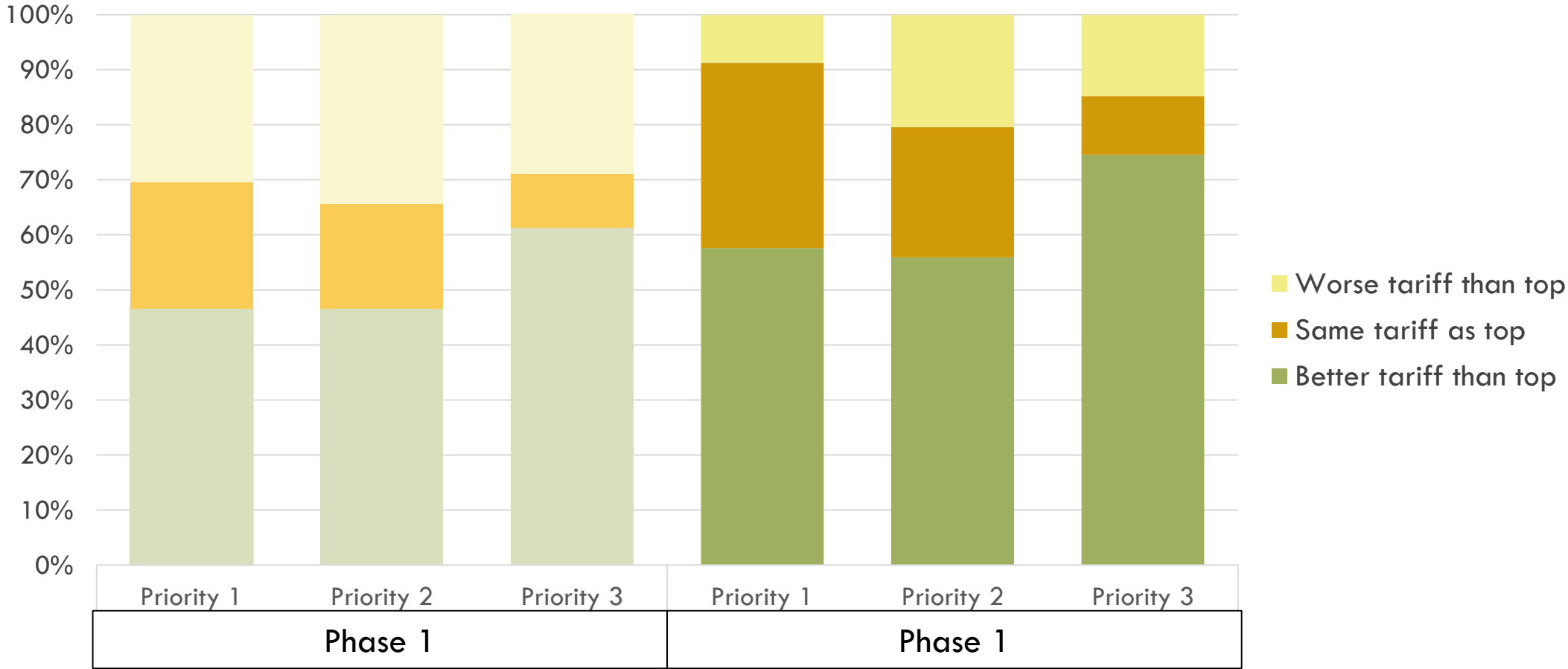
Source: Author's calculations using Ministry of Commerce data for CPFTA tariffs and ITC Trademap for trade data. All trade data is for 2018

CPFTA 2: Distribution of tariff access improvements (Year 10)

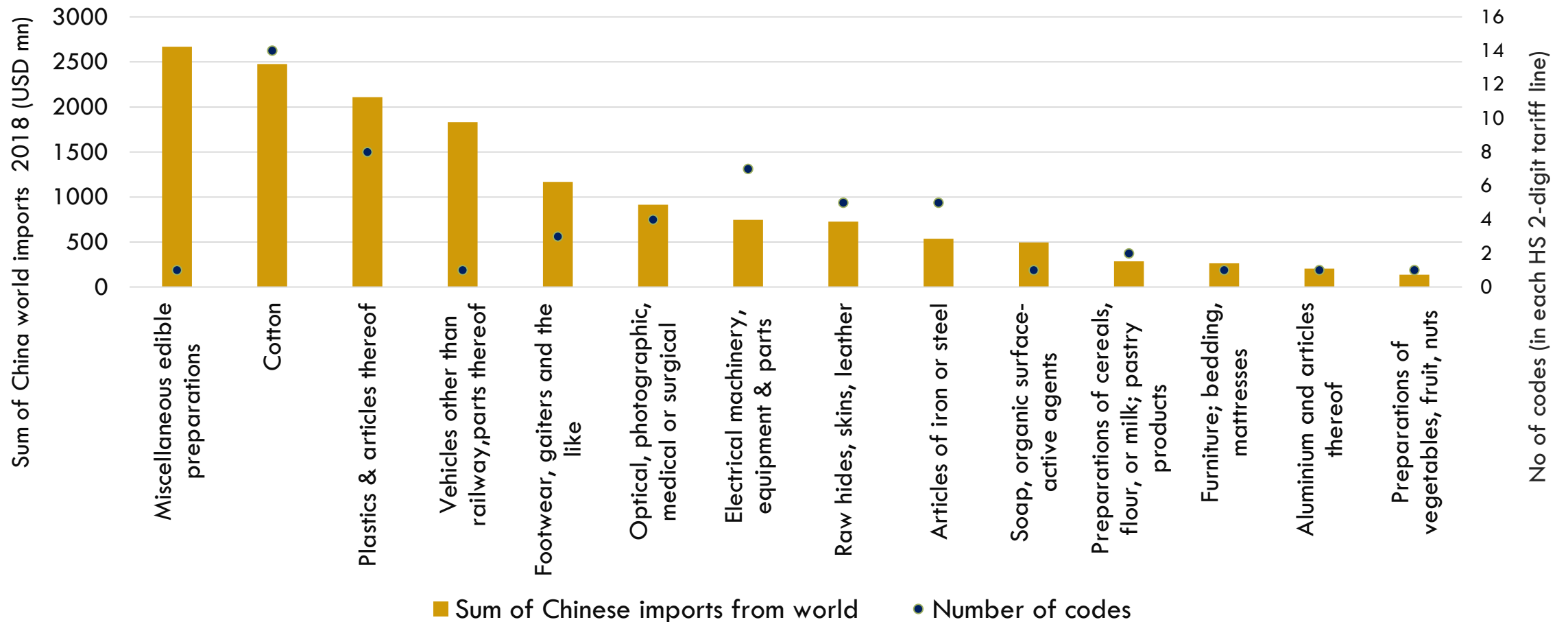


Source: Author's calculations using Ministry of Commerce data for CPFTA tariffs and ITC Trademap for trade data. All trade data is for 2018

Tariffs are now at least as good as those for top competitors for over 80% of tariff lines



Priority 1 product lines that have competitive access under CPFTA2, by parent 2-digit code



Source: Author's calculations using Ministry of Commerce data for CPFTA tariffs and ITC Trademap for trade data. All trade data is for 2018

Specific product examples from Pakistan's Priority 1 list

	Tariff (CPFTA 1)	Highest value trade partner (HVTP)	Tariff faced by HVTP	Tariff (CPFTA 2)
Men's cotton ensembles	14%	Bangladesh	0%	0%
Men's shirts, other textiles nes	8%	Italy	6%	0%
Other frozen flat fish	8%	USA	7%	0%

Impediments to expanding trade in these sectors



Information



Marketing



Capacity and competitiveness



Trade Facilitation



Domestic supply chain



Non-tariff barriers

Conclusion

- Phase II of the China Pakistan FTA provides a substantial improvement in tariff access for a range of Pakistani products in China
- Tariff access does not automatically translate into exports
- Pakistani firms and Government of Pakistan will need to address non-tariff impediments to maximise utilisation of the FTA