EXPORTS – THE WHEELS NEED TO SPIN FASTER

INFONALYSIS

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Research & Development Cell

Karachi Chamber of Commerce & Industry

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Why are exports of Pakistan not picking up?

Exports form the most reliable and sustainable source of foreign exchange for any country. Export based industries are the core drivers of a nation's GDP. Lamentably, Pakistan's performance has been lackluster in growing its exports to a level where it becomes self-sustainable with respect to its forex reserves. The reasons for this unimpressive export growth over the years are numerous and require serious contemplation.

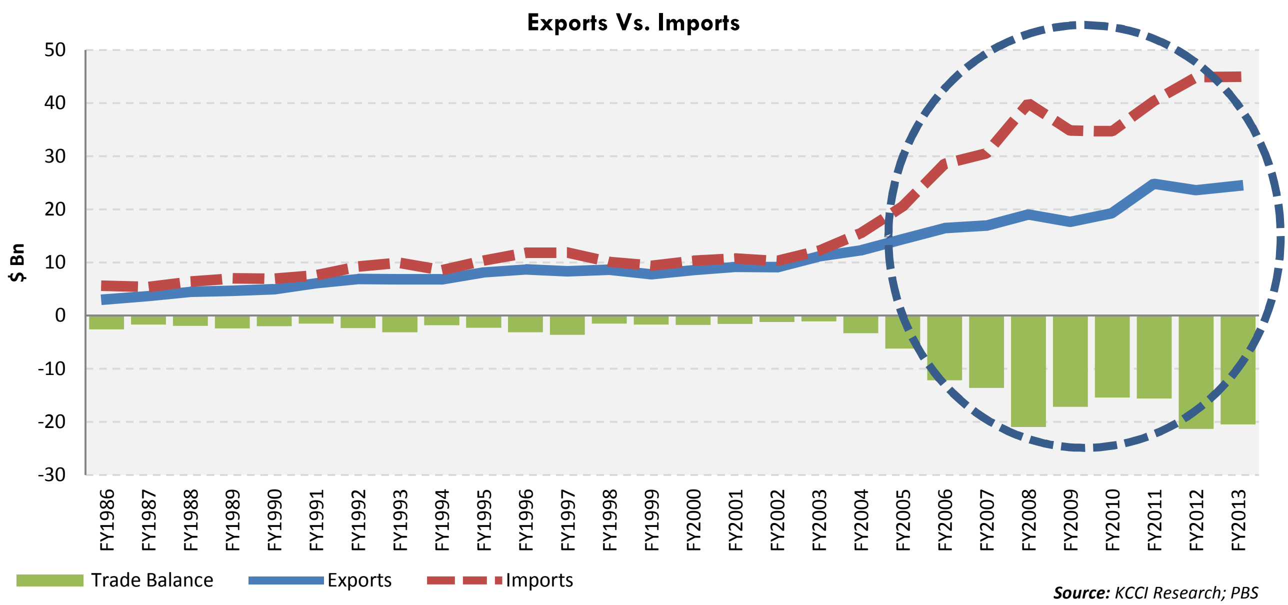
This report would try to analyze current export trends in relation to regional competitors, shed light on different influencing factors and bottlenecks that have impeded Pakistan's export growth. It also aims to put forward strategies and measures which can be taken by all stakeholders to boost the country's exports, and in the process, make Pakistan self-reliant, self-sufficient and a globally acclaimed economic powerhouse.

Analyzing the export trends

Pakistan has been a net importing country since long and its exports growth has not been particularly encouraging.

1. Historical trend of trade

Exports of Pakistan increased from $ 3.07Bn in FY86 to $ 24.4Bn in FY13 while, imports grew from $ 5.63Bn in FY86 to $ 44.95Bn in FY13. The chart below shows the relationship between the country's imports and exports. It highlights the fact that over the years, Pakistan's exports have not been able to outgrow its imports. Exports have grown at a Cumulative Average Growth Rate[1] (CAGR) of 8.16% against an almost



Source: *KCCI Research; PBS*

double CAGR of 14% of imports during the period FY2004-13. Resultantly, the trade deficit has risen exorbitantly in the last ten years. From ranging range between $1 to

[1] CAGR provides an estimate of a yearly constant growth rate across the period in question

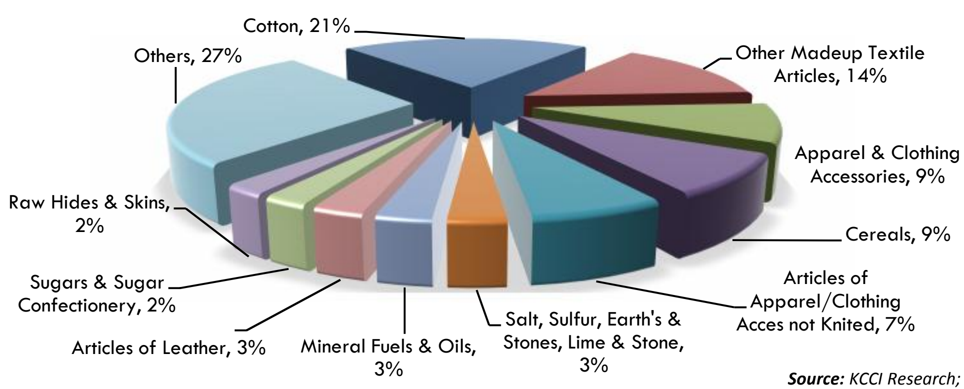
3.5Bn during FY1986-2003, it hovered in the vicinity of $ 21Bn during FY13.

2. Product-wise break-up of Pakistan's exports

Textile as a sector covers the highest share of 55% of the country's total exports. The major contributors in textile sector are cotton (21%), made-up textile articles (14%), and clothing accessories (9%).

Other major contributing sectors to Pakistan's exports are cereals, mineral and leather products constituting 9%, 6.30% and 5% share in FY13, respectively.

Product-wise breakup of Pakistan's exports (FY13)



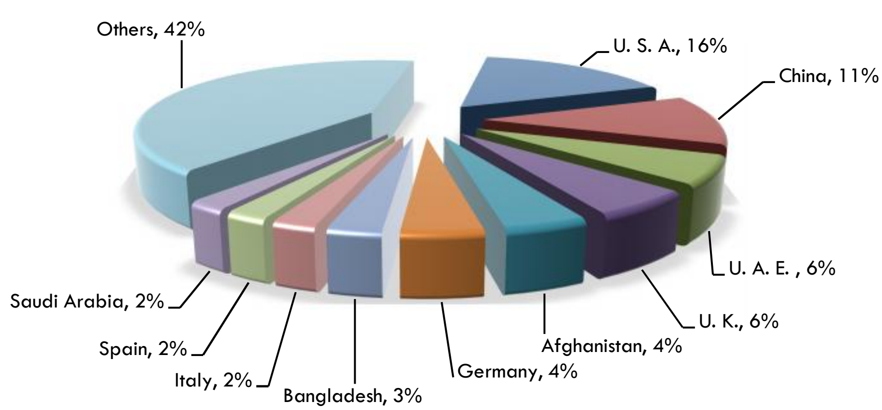
Source: *KCCI Research; SBP*

3. Destination-wise break-up of Pakistan's exports

Despite exporting to a range of countries, major portion of Pakistan's exports are concentrated in few destinations only.

Pakistan exported to 216 states of the world of which 76% of exports were made to 20 countries in FY13. Major share of Pakistan's exports was concentrated in US (16%) and China (11%) in FY13. Exports to the EU region comprised of 21% of total

Destination-wise break-up of Pakistan's exports (FY13)



Source: *KCCI Research; SBP*

exports with UK and Germany commanding 6% and 4% share respectively.

Furthermore, 6% of the goods were exported to UAE. Thus, despite exporting to a range of countries, major portion of Pakistan's exports remain concentrated in few destinations only.

Regional Comparison of Pakistan's exports

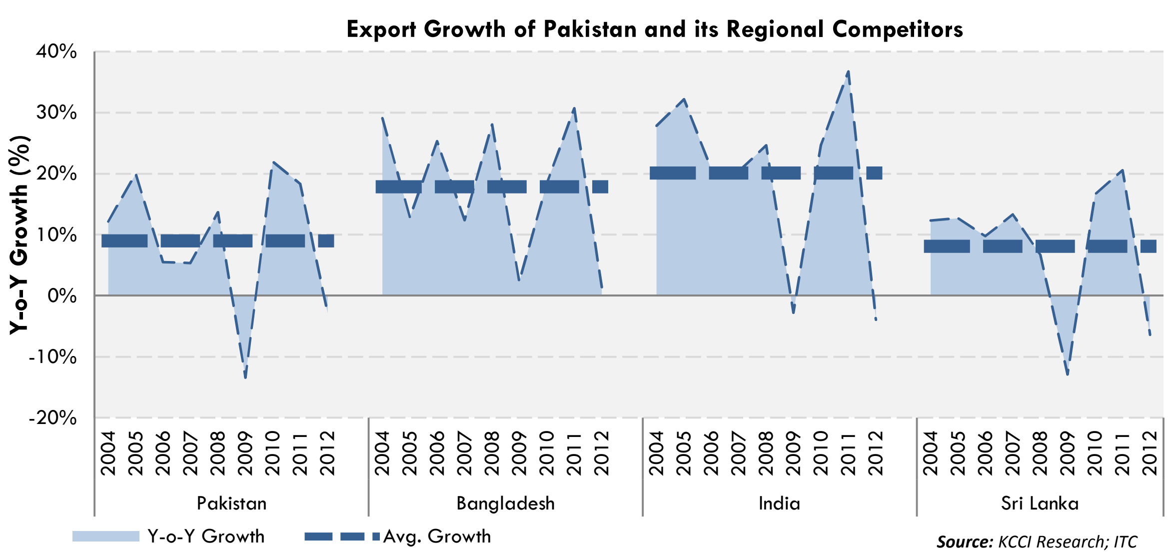
Pakistan contributed 0.14% in the global exports during the year 2012 (global data is available for CY12) whereas competitors like India, Sri Lanka and Bangladesh contributed 1.6%, 0.05% and 0.15% in world's exports respectively.

The year on year exports growth indicates a varying trend for the four regional countries in the period 2004-12. Exports of India and Bangladesh recorded CAGR of 19.25% and 17.36% respectively during 2003-12. However, Pakistan's exports only rose by 8.36% (on the basis of CAGR), slightly more than Sri Lanka's growth of 7.55% during the same period.

Exports by Country ($ Bn)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	CAGR (%)
Exports by Pakistan	11.9	13.4	16.1	16.9	17.8	20.3	17.6	21.4	25.3	24.6	8.38%
Exports by India	59.4	75.9	100.4	121.2	145.9	181.9	176.8	220.4	301.5	289.6	19.25%
Exports by Sri Lanka	4.9	5.5	6.2	6.8	7.7	8.2	7.1	8.3	10.0	9.4	7.55%
Exports by Bangladesh	6.4	8.3	9.3	11.7	13.1	16.8	17.2	20.4	26.7	27.0	17.36%

Source: *KCCI Research; ITC*

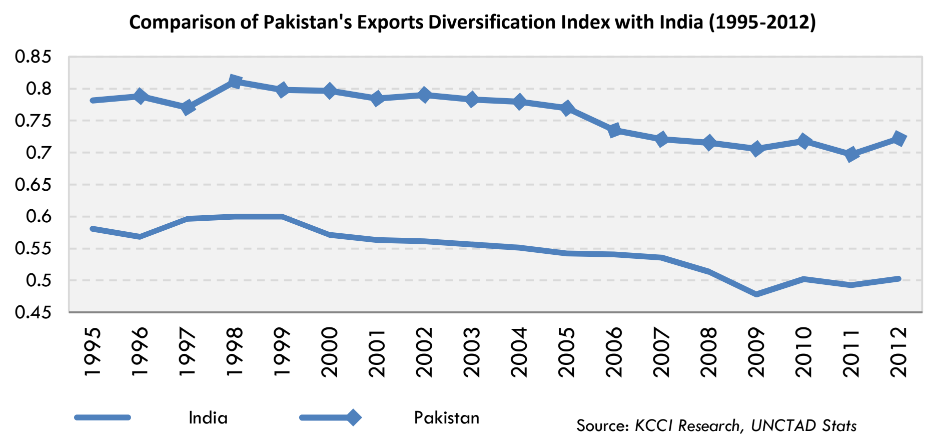
Of the many factors that have been detrimental to Pakistan's export growth, a very significant factor is product diversification. Export product diversification plays a dynamic role in reducing risk of price uncertainty from export items of primary nature.



Source: *KCCI Research; ITC*

It enables economies to effectively face the challenges of unemployment and low growth rates of the country by highlighting new potential exports.

The Export Product Diversification Index, as published by United Nations Conference on Trade and Development (UNCTAD) measures the degree to which a country's export products are diversified. It is measured between the values "0" and "1". Though Pakistan has shown some improvement in its exports product mix, it still lags behind the world's major developed and developing countries, where India has been taken as an example in the below chart.



One of the core reasons for low diversification is Pakistan's emphasis on exporting non-value additive commodities (primary commodities are amongst the major export items). Exports diversification is therefore vital for Pakistan in order to generate enhanced export revenue.

Comparison of Export Diversification of Regional Competitors - 2012

	Export Destinations	No. of export items	Exports 2012 ($ Bn)	% of top 10 export items
Pakistan	193	97	24.61	74.20%
India	217	97	289.56	61.70%
Bangladesh	131	94	27.04	95.80%
Sri Lanka	194	92	9.37	81.28%

Source: *KCCI Research, ITC*

Break-up of top 10 export commodities have been selected to evaluate the level of exports diversification of regional competing economies Pakistan, India, Sri Lanka and Bangladesh. The table below shows that India, being a faster developing country among all four economies, shows highest diversification in exports where share of its top 10 commodities remained 62% in its total exports during 2012 followed by Pakistan, Sri Lanka and Bangladesh. For Pakistan, this share is 74.2% whereas Sri Lankan and Bangladeshi top 10 export commodities make up 81% and 96% of their total exports.

Top 10 Export Items of Pakistan and its Regional Competitors - 2012

HS Code	Product Description	% Share of Top 10 Commodities			
		Pakistan	India	Bangladesh	Sri Lanka
'52	Cotton	21.2%	3.0%	-	-
'63	Other Made-up textile	13.3%	-	3.5%	-
'10	Cereals	8.4%	3.0%	-	-
'61	Apparel Articles (knit or crochet)	8.2%	-	42.8%	21.0%
'62	Apparel Articles (not knit or crochet)	6.9%		41.0%	19.3%
'71	Precious stones	6.6%	14.9%	-	4.6%
'25	Salt, Sulphur & Cement	2.9%	-	-	-
'42	Leather Articles	2.7%	-	-	-
'39	Plastics & Articles	2.1%	-	-	-
41	Raw hides, skins & leather	1.9%	-	1.1%	-
'03	Fish, Crustaceans	-	-	2.0%	2.2%
'08	Edible fruit	-	-	-	1.1%
'09	Coffee, tea, mate and spices	-	-	-	17.6%
'27	Mineral fuels	-	18.8%	0.5%	-
'29	Organic chemicals	-	4.3%	-	-
'30	Pharmaceutical	-	3.3%	-	-
'40	Rubber	-	-	-	10.5%
'53	Vegetable Tex. Fibres	-	-	2.3%	1.2%
'64	Footwear	-	-	1.5%	-
'65	Headgear	-	-	0.6%	-
'72	Iron & steel	-	2.7%	-	-
'84	Machinery, nuclear reactors	-	3.8%	-	1.5%
'85	Electrical, electronic equip	-	3.7%	-	2.3%
'87	Vehicles	-	4.2%	-	-
'99	Commodities NES	-	-	0.5%	-

Note: (-) = Not counted in Top 10 Export Commodities *Source: KCCI Research, ITC*

It is worth mentioning here that Cereals share in Pakistan's total export, at 8.4% in CY12, is greater than Cereals share in India's total export which is only 3%. Exporting high quanta of primary commodities is thus a fundamental reason for Pakistan's low export diversification. On the other hand, share of Precious Stones (which is value additive) in Pakistan's total exports, at 6.6%, is lower than its share in Indian total exports which is 14.9% showing low levels of jewelry exports in Pakistan.

The concentration around fewer commodities has limited our exports from getting higher exposure globally. Furthermore, due to limited capability of local industries in producing value added products and low levels of automation, exports produces are not of the desired level to compete in the global market.

EU GSP Plus: A humungous opportunity for exports

The recently granted EU GSP Plus status, which has become effective from Jan 1, 2014, is a huge opportunity for Pakistan's exports. As per estimates, GSP Plus status is likely to allow almost 20% of Pakistani exports to enter the EU market at zero tariff and 70% at preferential rates. EU trade concessions will highly benefit the country's largest industry of textile and clothing, if properly utilized; by enabling its products to better compete with those of regional competitors like Bangladesh and Sri Lanka, which already have duty free access to the bloc's market.[2]

Evaluation of factors influencing Pakistan's exports

It is imperative to evaluate the factors which influence the growth of exports of Pakistan as a basis to devise a strategy to promote exports and enable it to become a major global player. The main influencing factors can be broadly categorized in the following four areas:

A. Production related factors

B. Regulatory policies and environment

C. Marketing and channeling issues influencing exports

D. Destination based factors that influence exports

A. Production related factors

It has been observed that although Pakistan has many industries of varying magnitude, they mostly fail to optimally utilize their production capacities. Investments for capacity enhancements have become rare, while many a times, quality of products also fails to meet the international standards or become too expensive to face global competition. The following are the major manufacturing related factors that influence exports growth.

1. Shortage of electricity and gas

Shortages of power and gas have been major impediments to export growth due to which exporters face problems in making deliveries on time, while becoming uncompetitive due to higher cost of captive power generation.

As a rule of thumb, energy related costs comprise at least 33% of production cost of manufacturing.[3] It can thus be gauged as to how incessant increases in energy costs will affect production costs, and ability of producers to compete in the extremely competitive export market. Thus, there is an urgent need to ensure uninterrupted supply of electricity and other utilities at competitive rates to the industrial sector.

2. Underutilization of available resources

Pakistan is one of the most benefited and gifted countries in the world. It is situated in a region where abundant natural resources are present including huge reserves of coal, oil and gas, water supply, wind and sunshine. With effective resource utilization, the country would not only be able to meet its energy local demand but it can become

[2] Dawn - EU grants GSP Plus status to Pakistan: *http://www.dawn.com/news/1072051/eu-grants-gsp-plus-status-to-pakistan*
[3] Dar, R. et al. (2013) "*Impact of Energy Consumption on Growth*" International Journal of Humanities and Social Science Invention, Vol. 2 Issue 61

a potential energy exporter.

Moreover, talented human resource has always been Pakistan's strength. According to the labor force survey of 2012-13, 43.7% of Pakistan's population is associated with agriculture, forestry and fishing, 14.06% works in manufacturing sector while 14.39% are employed in wholesale and retail trade and services.

Of the unemployed population, 67.85% is literate which can be utilized in industries and SME sectors. This important resource, if utilized properly, can turn out to be a big asset for the country.

Percentage Distribution Of Unemployed Persons 10 Years Of Age And Over By Age, Gender And Level Of Education (2012-13)

Level Of Education	AGE GROUPS (YEARS)											
	Total Unemployed	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65 & over
Both Genders	**100.00**	**8.32**	**22.45**	**23.65**	**12.68**	**5.97**	**3.50**	**2.83**	**4.37**	**4.71**	**5.07**	**3.12**	**3.35**
Illiterate	32.15	4.45	5.65	2.67	2.14	1.63	1.43	1.65	2.28	3.27	3.16	1.60	2.24
Literate	67.85	3.87	16.80	20.98	10.53	4.34	2.07	1.18	2.09	1.44	1.91	1.52	1.11
No Formal Education	0.46	0.05	0.03	0.01	0.08	0.08	0.03	-	0.01	0.01	0.08	0.03	0.05
Formal Education	**67.39**	**3.82**	**16.76**	**20.98**	**10.45**	**4.26**	**2.04**	**1.18**	**2.08**	**1.43**	**1.82**	**1.49**	**1.06**
Pre-Matric	30.83	3.82	11.02	6.56	2.85	1.46	0.70	0.48	1.00	0.78	0.85	0.78	0.53
Matric But Below Inter	16.83	-	4.59	5.31	2.41	1.22	0.81	0.29	0.56	0.43	0.62	0.37	0.22
Inter But Below Degree	8.08	-	1.15	3.91	1.32	0.59	0.24	0.10	0.19	0.09	0.20	0.16	0.14
Degree, Post Grad & Ph. D	11.65	-	-	5.19	3.87	1.00	0.29	0.31	0.34	0.14	0.15	0.18	0.18

Source: *KCCI Research; PBS*

3. Labor availability and skill set

Many firms regard inadequate institutional training and low quality of education as the most important reasons for the lack of labor skills. Shortage of skilled labor is more severe in textiles, chemicals, and hosiery/bed linen. With better skilled labor industries would be able to reduce their costs and thus enhance their competitiveness.

4. Law and order issues

Persistent deterioration in law and order situation has not only impacted the existing manufacturing sector but has also acted as a restraint on new investments. Moreover, foreign buyers also hesitate to come to Pakistan due to adverse security situation. In addition to that since the state has not been successful in providing the requisite security, manufacturers have been forced to purchase security services which also add to their costs.

The crime rate has been high while the conviction rate has been very low which encourages criminals to carry out their illegal activities with little fear of being apprehended. Compared to the United States, where conviction rate in courts is as high as 93%, Pakistan stands at a dismal less than 10%. The entire judicial system, from catching the criminal to conviction, needs to be improved at the earliest to improve business climate of the country.

Effective security measures, if taken at the earliest, would facilitate the buyers and investors to visit Pakistan for investments. Secure business environment is a must to attract golden sparrows to facilitate business dealings and building positive image of Pakistan that they can rely upon.

5. Raw material availability and dependence on imports

Availability of raw material is a blessing for any striving country to add value to its products. Pakistan has cotton as one such bounty. However excessive export of Pakistani cotton results the domestic sector to added imports of this raw material for fulfilling its own demand. In 2012-13, share of cotton in total exports of Pakistan was 20.2% however its share in import also came at 2.4% of total imports.

By focusing on export of value added products instead of raw materials, Pakistan can not only earn better returns but also reduce its dependence on imports of the same raw materials. In the past, many countries of the world like India, China and Germany, have been using export restriction policies for curtailing their exports of basic raw materials owing to insufficient amount available for domestic value added production. On the other hand, Pakistan has never adopted any major export restriction policy for its raw material. Instead it has been taking advantage of Indian ban on its raw material, availing export opportunities presented by the ban. Therefore, there is a need of a mechanism which could estimate Pakistan's domestic demand of essential raw materials like cotton and provide recommendations about any excessive quantities that could be used for exports.

In 2012-13, Pakistan's top export item was cotton through which it earned export revenue of $ 5Bn. China and Bangladesh were the top importers of Pakistani cotton during 2012-13. It is worth mentioning that both China and Bangladesh are two of the largest exporters of knitted textile apparel and accessories in the world. Hence, it becomes evident that China and Bangladesh, after adding value to imported Pakistani cotton export it and earn higher export revenues. On the contrary, Pakistan, in spite of producing high quantities of cotton and having a well-developed textile sector, underutilizes its potential by not adding value to its own raw material. To put numbers into perspective, during calendar year 2012, China earned $ 87Bn while Bangladesh earned $ 12Bn, while Pakistan earned only $ 2.01Bn from the exports of knitted articles of apparel and accessories.

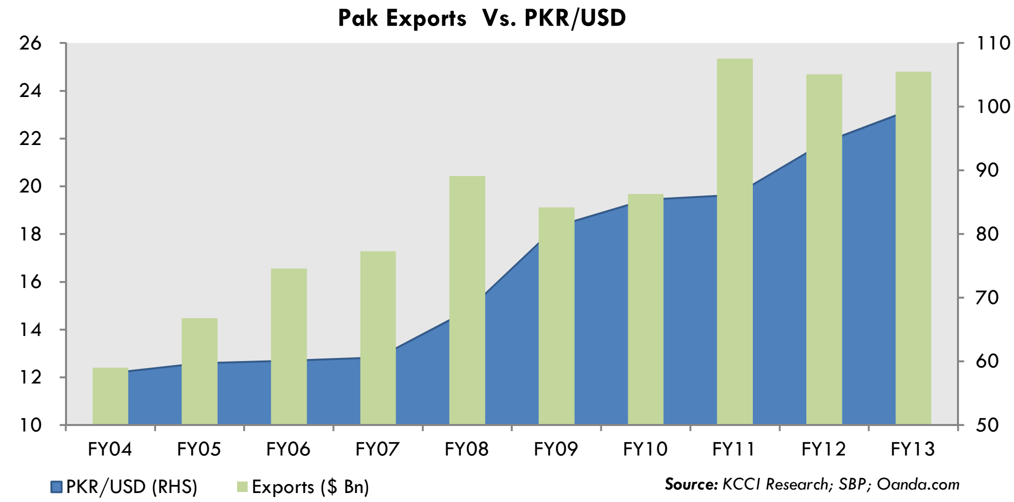
6. Devaluation of Pak Rupee

Though it is a general notion that PKR devaluation leads to higher exports, the actual figures do not show a very strong linkage.

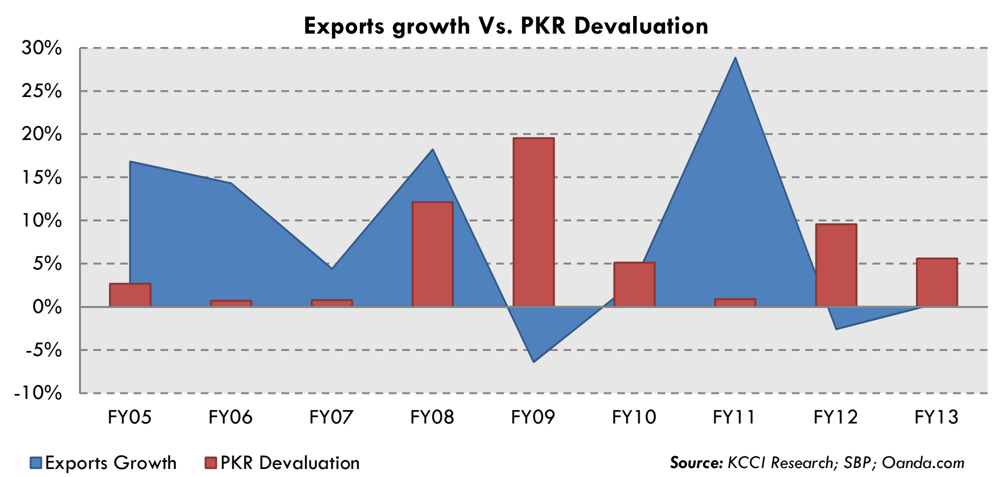
One of dominant determinant of exports is the exchange rate. In line with the general notion that devaluation of PKR leads to higher exports, studies conducted earlier have shown that 1% depreciation in exchange rate in Pakistan can bring about a 0.39% increase in the volume of exports.[4] As we analyze further we observe that although 9 year figures from FY04 to FY13 show that overall exports increased by 100% and the PKR depreciated by 71.4%, data of the last 2 years shows that exports actually

[4] Nadeem, M. et al.(2012) "*An Investigation of the Various Factors Influence on Exports*" Global Journal of Management and Business Research, Volume 12 Issue 19

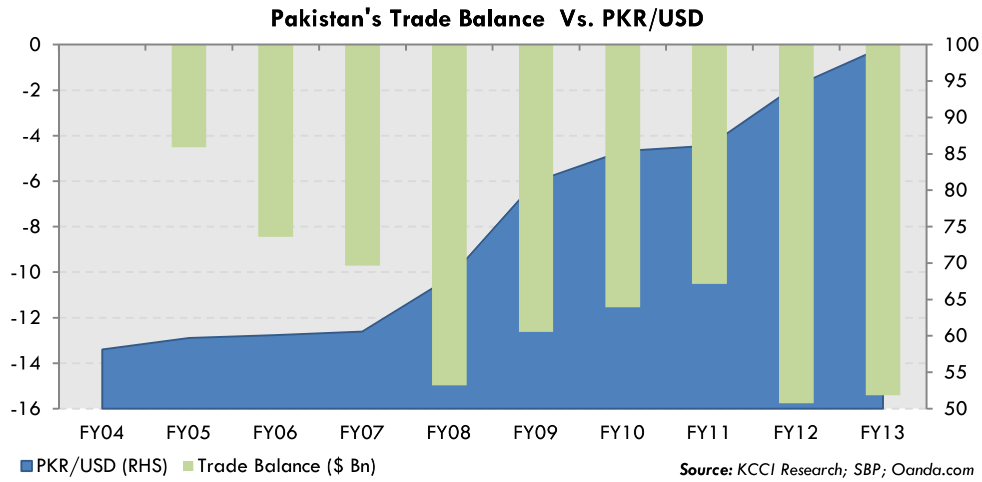
declined by 2% while the PKR depreciated by 16%.



Successive depreciation in the past has failed to evoke a continuously favorable long term improvement of exports. Apart from fanning incessant speculation, devaluation hurts foreign investor confidence due to lesser returns in foreign currency. Further, devaluation of PKR has taken the economy on the path of depreciation catalyzed cost push inflation (due to dependence on imported key items) and has converted into a sort of never ending vicious circle.



As the chart below indicates, the trade balance of Pakistan has deteriorated at an alarming pace. This brings to light the fact that devaluation of the PKR also results in higher import payments for essential items like petroleum products, machinery and key raw materials, and increases the trade deficit.



Source: *KCCI Research; SBP; Oanda.com*

7. High interest rates

Pak Rupee devaluation is usually accompanied by higher inflation - which increases the cost of local inputs and wages. This cost increase is more pronounced where imports exceed exports, as in the case of Pakistan. Thus in order to control inflation and stabilize the currency, the State Bank of Pakistan is forced to push the interest rates up. This further raises the cost of doing business.

Research has proved that there is a negative relationship between increase in interest rates and exports. Specifically, increase in interest rate has negatively impacted textile apparel exports of Pakistan from year 2000 to 2010. In order to promote exports of readymade garments, SBP should maintain interest rates at low and stable levels in general, and the EFS rates in particular. Further, this credit scheme should be made easily accessible to all large to small sized exporters. (Current EFS rate is 8.4% plus 1% bank spread).

8. Low level of technological advancement and R&D

Pakistan faces a problem of being mediocre in terms of technology. Though acquiring state of the art machinery and advance technologies is expensive, it is necessary to stay competitive in the long run. Specifically, export oriented industries should concentrate on tech-based improvement and expansion of its processes. The outcome thus achieved, would enable Pakistan’s export products to become prominent in the competitive global market.

Developed countries enhance and add value to their export products through effective usage of research and development services. However the government in Pakistan is on a slow track in realizing the benefits of Research & Development. This is clearly reflected in the meager budget allocation of PKR 14.61Bn for R&D services in FY14. Considering the limited number of researches conducted in Pakistan, except for few done on small scale by private companies, continuous non-emphasis on R&D does not augur well for exports and the economy of the country.

9. Adaptation to global shift

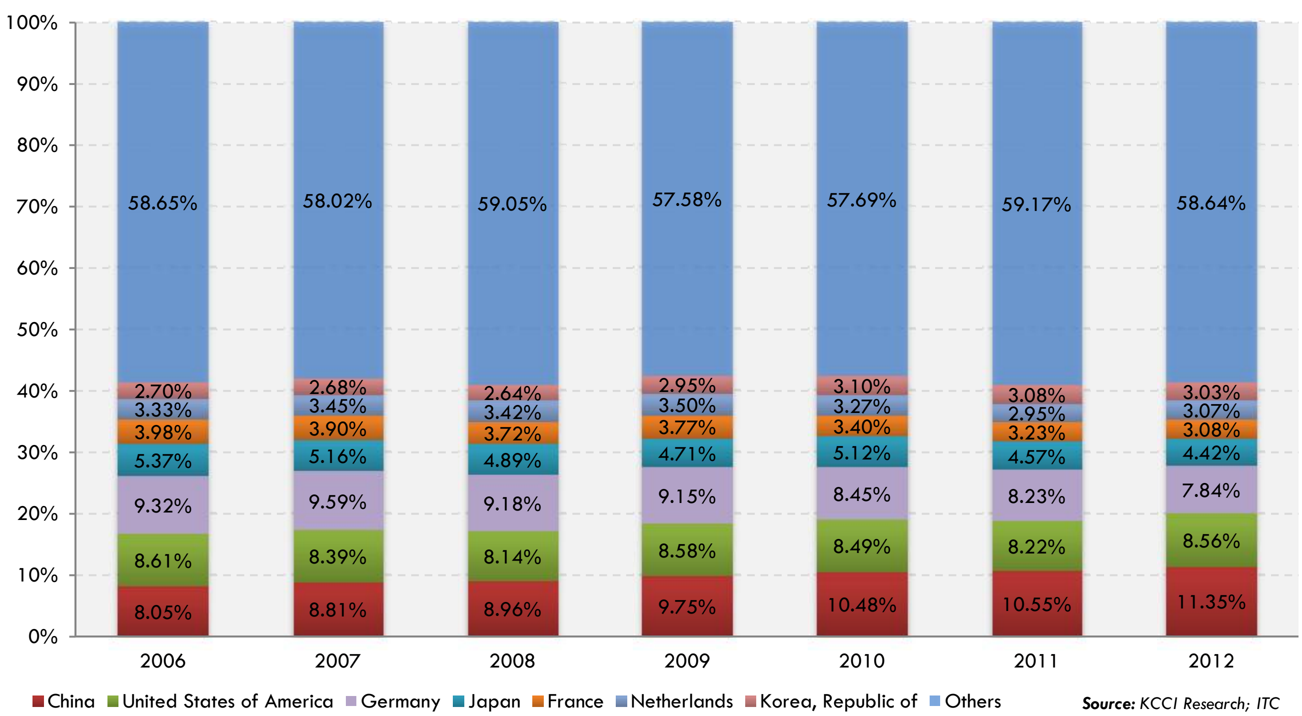
The world is changing rapidly as new trends and technologies are evolving and in order to stay abreast with these global shifts Pakistan would need to adapt itself continuously.

There are many examples where countries have tailored their products to the changing world trends. For instance, India has introduced hybrid rice in the global market which has increased its share in rice exports. While China has attained success in growing genetically improved naturally colored cotton.

China is at the center of global trade value chains, particularly in labor-intensive sectors. But as China continues to shift its growth model away from reliance on exports towards domestic consumption, wage costs are rising sharply while domestic costs, such as land, are also rising.

Such shifts in global trends also influence the exports due to which exporters need to adjust their strategies accordingly. The policies should incorporate cost forecasts for example energy and associated transportation costs are likely to continue rising as the cost of fossil fuels increase and policy measures targeted at carbon emissions intensify. Likewise, information technology costs are also expected to be driven lower through intense technological competition.

Breakup of Exports for Major Exporters of the World (%)



Source: *KCCI Research; ITC*

B. Regulatory policies and environment

1. Tax complexities

As lamented times and again, the country's taxation itself makes the formal and organized manufacturing sector uncompetitive by allowing the informal and unorganized sector to elude taxes, thus not allowing the formal sector to reap the full benefits of economies of scale. Further, high rates of sales tax and custom duties act as barriers for imports of raw materials, machinery, parts and accessories that are necessary for the production of goods. Thus, high value-added products that require imported raw materials and inputs face difficulty in being manufactured or assembled in Pakistan in bulk and supplied to global value chains.

As per industry estimates, Pakistan would be able to utilize only three textile categories out of the many categories that it was given duty-free access to, under the EU's GSP Plus scheme. The main reason for this potential inability to fully utilize this scheme is lack of access to finer, synthetic fabrics used to make products like ladies' garments, sportswear, etc., which involve high value addition and can fetch higher prices. Hence, the garment industry is still forced to produce low value added garments.[5]

Industry sources are of the view that the government should consider and relax the current import policy to allow the value added textile industry to get the maximum benefit from the GSP Plus scheme. Producing garments of generation III and IV is still a major challenge, as Pakistan is currently making just generation I or II garments, mainly because of the lack of raw material on account of high taxes on import. Duty-free import of synthetic blends and cotton fabrics could significantly enhance the country's apparel and sportswear exports, as raw materials for both are scarce domestically. [6]

Furthermore, a high proportion of exporter's liquidity is tied up in export refund schemes, which could have otherwise been used in higher production, capacity expansion or R&D for product enhancement. The complex tax procedures and permits required by various cadres of federal and provincial governments add to already high transaction costs. Several studies have shown that reduction in import tariffs effectively boost exports.

2. Scope and effectiveness of export policies

The Strategic Trade Policy Framework (STPF) for 2012-15 was designed by the PPP government in 2012 to overcome past weaknesses as well as to provide a way forward for the future. The main element for exports in the framework is the need to develop coherent, comprehensive initiatives to realize the objectives of product and market diversification and boosting Pakistan's competitiveness. Although, the recommendations contained in the framework were in line with the

[5] http://www.dawn.com/news/1050742/garment-makers-for-duty-free-inputs-to-maximise-exports
[6] http://www.dawn.com/news/1050742/garment-makers-for-duty-free-inputs-to-maximise-exports

policies of the '90s, the main issues lie in the implementation of the recommendations.

Besides, currently there is a dearth of a regular forum to monitor the implementation of the government's initiatives. As many as 70-80 % of the initiatives announced in trade policies fail to see the light of the day, mostly due to paucity of funds.[7]

The incumbent govt. has yet to prepare a viable action plan and announce a policy for increasing the country's exports. The primary objective of the new policy should be to promote and facilitate exports, by addressing both the supply side problems and demand-related issues and it should be laden with measures for improving industrial efficiency. The trade policy needs to link facilitation measures with the increase in exports of sectors or products. Due to a long standing ownership problem between govt. functionaries, agencies like the FBR take a long time to implement decisions.

Similarly, disbursement of committed funds for promoting exports is a major issue, with trade policies being formulated by the ministry of commerce and their financial approval vested with the ministry of finance. There is a need to evolve a mechanism which ensures that decisions once taken are enforced without any delay.[8]

At the same time, trade-related policies are not synchronized with overall national policies. Research has shown that the trade policy of Pakistan is usually based on foreign relations of Pakistan with other countries and regional organizations rather than its own economic indicators and the financial implications of its policies thereof. This leads to duplication of efforts and shared responsibilities of different government agencies, and causes distortions in implementation.[9]

Further, consistency is required in the policy because of the ever-changing political scenario of this region of the world. The focus must not be on exports only; domestic markets need to be formalized and turned into an asset for indigenous manufacturing. For example, many developed manufacturing countries rely heavily on domestic demand to spur global competitiveness.[10]

3. Effect of inconsistencies in government policies

Minister of State for Commerce and Textile, Engineer Khurram Dastgir, in his remarks on Nov. 27, 2013 expressed unhappiness over Pakistan's economic policies due to their unpredictability which, according to him, is the main impediment to enhancement of exports. "One day we allow export of an item and the next day we withdraw the decision. We have to come out of this if we are to do business in accordance with 21st Century requirements. We have to bring predictability and stability in policies", said the minister himself.[11]

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[7] Ahmed, H. (2010) "A Strategy for Reversing Pakistan's Dismal Export Performance" CREB Policy Paper No. 01-10
[8] http://www.dawn.com/news/1056942/export-policy-delayed
[9] Youth Parliament Pakistan, Trade Policy Recommendations
[10] Ministry of Industries Pakistan – National Industrial Policy (2011)
[11] http://www.brecorder.com/business-and-economy/189:pakistan/1259096:inconsistent-policies-hampering-exports-minister-tells-senate-body/

In the same perspective, industrialists are looking towards a long-term consistent industrial policy adaptable to different manufacturing sectors. The government would have to be clear about its objectives and the entire political leadership should be on one page in this regard.

To quote an example about inconsistent policy making, the import of cotton and polyester yarn is allowed at zero rates, while there is a 6% duty on import of polyester fiber – raw material used to spin polyester yarn. How a government could allow import of finished product at zero rates, while subjecting its domestic industry to duties is a question which needs serious pondering.[12]

Pakistan's leather sector also faces policy issues. Leather exports have declined during the last five years. Meanwhile, the leather sector exports of India, Bangladesh, China, have increased during this period.

India has developed a clear roadmap to increase their leather exports from $4.86Bn to $38.44Bn till 2026-27. During the last seven years, India has announced three leather development plans with a total outlay of approximately INR 26Bn. The amount would be invested for technology upgradation, establishment of footwear design and development centers, support for rural artisans, leather and footwear parks with modern infrastructure facilities. With this huge amount for uplift of the sector, the target for leather exports for the next five years has been fixed at $14Bn.

Comparatively, in Pakistan no serious efforts have been made to formulate any significant leather development plan so far.[13] S

4. Policy consistency and simplification of procedures

Exporters persistently complain of slow decision-making and cumbersome bureaucratic procedures, which cause delays in export documentation and timely delivery of goods. Inefficiency in trade facilitation increases costs to business and reduces competitiveness.

To quote an example, the whole process of import as well as audit under Duty Tax Remission for Exports (DTRE) system takes about 26 weeks in Pakistan while in Bangladesh the entire procedure is much quicker. As a result, Bangladesh textile exports have surged to $ 26Bn in 2012 without producing a single bale of cotton while Pakistan has never crossed the figure of $ 16Bn despite producing its own raw material.[14]

In order to provide facilitation to exporters, there is a strong need to simplify duty drawbacks (including DTRE and Sales Tax Refunds) system and export procedures while making information readily available to exporters. Further, there is a strong need to provide all incentives under one umbrella and to remove procedural and operational bottlenecks.

[12] http://www.thenews.com.pk/Todays-News-3-216659-Inconsistent-government-policies-blamed-for-unsustainable-growth
[13] http://www.thenews.com.pk/Todays-News-3-142018-Leather-exports-fell-due-to-inconsistent-govt-policies-PTA
[14] http://www.nation.com.pk/business/31-Aug-2013/pakistan-imports-fabric-in-26-weeks-bd-in-just-2-hours-duty-tax-remission-for-exports-scheme

5. Exports subsidies and utilization of Export Development Fund

It has been observed that most of subsidies in the past have been diverted to only a few industries, like cement, sugar and power generation. Further, the cash subsidy on exports is transferred without giving much consideration to the impact of the subsidy on overcoming the shortcomings in the export sector, through research and development or up-gradation of technology. The subsidy regime has also led to mushroom growth of exporters instead of improving the quality of their products and developing workers skills.

Interestingly, the government provides exporters the profit (in the form of subsidy) which they should have earned from customers. Exporters then tend to attract customers merely on the basis of lower prices and low quality products. But they ignore quality issues, adherence to delivery schedule, adoption of modern production techniques and marketing tools. Subsidies intensify cutthroat competition and price-war among the exporters (due to increased space for exporters to lower their margins), resulting in reduction in per unit price. Consequently, more goods are exported for a lesser price.

Also subsidies push up the opportunity cost of the money allocated as subsidy. A dollar earned through subsidized exports brings in less benefit than the prevalent exchange rate. On top of this, subsidies also widen the country's budget deficit.

An important question facing the policymakers is how much money can be spared by the persistently cash-strapped govt. for subsidy. Further, how well-established is the efficacy of the subsidy regime in producing quality of exportable goods at globally competitive price. This is a widely accepted fact that major economies including regional countries provide export subsidies and Pakistan cannot stand alone. The question is how to eliminate the misuse of these subsidies? How to make it targeted and linked with substantial outcome in export proceeds.

The govt. should now be very clear that cash subsidies should be monitored to catalyze quality improvement and value addition of products through proper standardization and R&D. It should support schemes which are related to capacity building like certification, laboratory testing etc. [15]

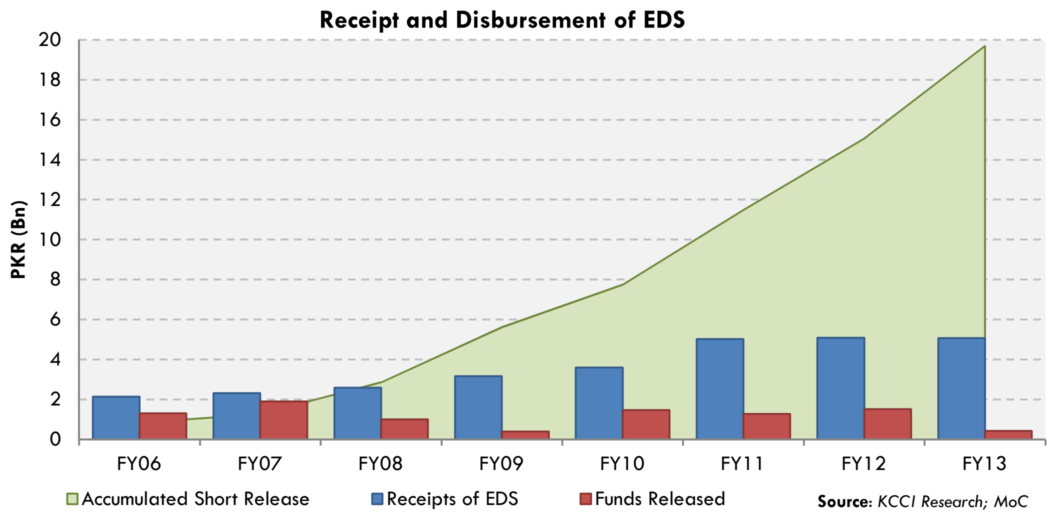
The purpose of Export Development Fund (EDF) is to strengthen and develop infrastructure for promotion of exports, which would entail establishment of training institutes for export oriented trading and industrial sectors, subsidizing of delegations and sale missions going abroad, subsidizing participation in exhibitions abroad including single country fairs, R&D activities of exporters, market and product development by trade associations, amongst others.

As per Export Development Fund (amendment) Act, 2005, the govt. is required to collect 0.25% of export receipts as Export Development Surcharge (EDS) and transfer to EDF maintained by Ministry of Commerce in the following year. However, as

[15] Haque, Nadeem. Et al (2007) "Impact of Export Subsidies on Pakistan's Exports" PIDE Working Paper

common practice the Finance Division does not transfer the whole receipts of EDS but provides only a portion thereof to EDF through annual budgetary grant.

The receipts of EDS during FY13 were PKR 5.07Bn. Against the said receipts, the Finance Division disbursed only PKR 0.434Bn in FY13, whereas it has allocated only PKR 0.449 Bn for FY14. Thus, there is short provision of PKR 4.63Bn in FY13. The total short provision since amendment in the Act in 2005 (from 2005-06 to 2012-13) has accumulated to PKR19. 70Bn. This represents the huge sum of money collected but never transferred to the Ministry of Commerce for enhancing exports.



To resolve the issue of outstanding amount of EDS held up in Finance Division, Cabinet in January, 2013 approved that the total amount of EDS will be transferred to the Export Development Fund under MoC as contained in the Strategic Trade Policy Framework (STPF) 2012-15. The proposal was accepted but the attempts ended in vain and problem remains the same due failure of implementation.

Underutilization of EDF is hitting the exports hard therefore a proper and sustainable mechanism should be put in place to ensure its proper distribution and spending.

6. Ease of doing business

Pakistan's overall trade restrictiveness is high and rising. Its ranking in World Bank's "Ease of Doing Business" index has dropped from 106 in 2012 to 110 in 2013. Hindrances in setting up new businesses have discouraged new, efficient and competitive firms to emerge or settle in the country. Pakistan direly needs an environment whereby new entrants are encouraged and incentivized rather than merely providing them a level playing field. This would also serve to bring fresh ideas and talented human capital into the country. As per estimates, only 5% of the firms account for 76% of overall exports.

7. Poor infrastructure

Important resources and infrastructure, such as adequate supply of water, continuous supply of electricity and gas, efficient logistics and transportation, robust and effective tax structure, raw material supply are all basic requirements for the development of an industrial base. However, frequent changes in utility tariff structures and inconsistent energy policies of the government have increased the cost of production. Pakistani products have thus become less competitive in the international market.

8. Poor quality standards

With the exception of leading manufacturers who are in compliance with global quality standards in textiles, food and pharmaceutical sectors, most of the medium and small sized units usually fall short of complying with quality standards. Poultry and poultry products' exports are examples of non-compliance with poultry breeding standards, due to which UAE has restricted its imports from Pakistan.

Pakistan can secure a healthy baggage of exports if its industrial sector complies with the international standards of production and processing of the export products.

C. Marketing and channeling issues influencing exports

1. Inadequate Logistics Infrastructure and High Port Charges

An efficient and robust infrastructure is instrumental in boosting a country's exports while a mediocre in-country logistics network hurts the growth of outward trade. Pakistan's railways structure is dilapidated, the road network barring Punjab lacks reach and is in shabby condition, and there is a minimal tracking system for goods in transit to smaller cities.

Road has been the predominant mode of transport of products across the country however, if rail transport is properly developed, it would not only be a cheaper option for the transport of goods but would also better ensure certainty of timing of delivery of goods which itself has a cost for the manufacturing sector.

A significant portion of rail and roads networks has worn off calling for maintenance so that the transport is carried out smoothly while minimizing the losses both in terms of value as well as time.

Multiple check posts causes the traffic to halt in between as well as the charges placed on the movement of goods lead to a surge in the costs for the producers/processors, of which sometimes only a portion could be passed on to the end consumers, thus making it difficult to remain competitive in the export market.

Port charges are one of the highest in the South Asian region, thus discouraging cost efficient shipping lines from taking cargo from Pakistan. As an example, Karachi's two ports have charges which are estimated to be three times Sri Lanka's, and seven times that of Singapore.

2. Lack of marketing exportable products

Marketing of exportable products holds crucial importance in attracting consumers from the foreign markets. Marketing involves several steps from production up to the final stage of consumption of products.

In case of Pakistan, high number of intermediaries in marketing chain and inefficient channeling and distribution procedures are contributing factors which result in spoiling products prior to reaching the end consumer. Such factors have also proved decisive in not only increasing prices of exportable goods but also resulting in reduced suppliers' profits.

Pakistani farmers produce world class fruits that have strong demand in the international market; however flaws in essential processes hinder their export. Due to lack of appropriate processing and distribution channels and strategies, Pakistan falls short of exporting to its full potential, which, while affecting the revenue of the farmers, leads to low level of yields.

There exists severe shortage of storage and warehousing of the products which leads to losses of perishable items which in turn reaps lower returns to the producers.

3. Insufficient role of export promoting government bodies like TDAP and EPZA

Export Processing Zones Authority (EPZA)

The Export Processing Zones Authority (EPZA) was established in Pakistan with the mandate to plan, develop and operate Export Processing Zones in Pakistan. EPZA facilitates, promotes, & provides business support to those who wish to setup their units in EPZ's.

Zones which are operational include (1) Karachi (2) Risalpur (3) Saindak (4) Sialkot (5) Duddar (6) Tuwairqi Steel Zones while zones which are planned but not operational are (i) Gujranwala (ii) Gwadar (iii) Reko Diq (iv) Khalifa Coastal.

For comparison, Pakistan is charging cost of land while it is being given cost free in other countries. Countries like Bangladesh, Sri Lanka, and Thailand are offering pre-built standard premises to house the units at competitive rental basis.

Trade Development Authority of Pakistan (TDAP)

The Trade Development Authority of Pakistan (TDAP) was established in 2006. It is the successor organization to the Export Promotion Bureau. It is mandated to have a holistic view of global trade development rather than only the 'export promotion' perspective of its predecessor.

Activities of TDAP involve extensive participation in international exhibitions, participating in 40 to 60 international trade exhibitions annually. It sends 20 to 40 trade delegations abroad every year and is engaged in organizing the EXPO PAKISTAN annually in Pakistan, which is well-attended by foreign buyers. The strategy of TDAP is focused mainly on developing products & services and exploring new markets.

Although both EPZA and TDAP are striving for increasing the country's exports, results are less than satisfactory in terms of growth and there is much left to be done. Promotion of export oriented bodies and industrial zones all over the country present excellent opportunities through which Pakistan can attract foreign investment and generate employment. Effective strategy design by the authorities can boost these projects and can strengthen the trust of foreigners to invest in the country.

4. Low frequency and reach of trade fairs and exhibitions

Although in the recent years efforts have been made to increase the frequency of international trade fairs in Pakistan(My Karachi – Oasis of Harmony, Expo Pakistan etc.) these exhibitions do not suffice the needs of increasing exports of Pakistan. Exhibitions of global repute are on a much larger scale and more diversified. Pakistan hence needs to further upgrade its capacity to match global competition to attract more international participation.

Participation of Pakistani exporters in international trade fairs and exhibition also needs to be enhanced in order to increase presence in global trade markets and to positively present Pakistan's image in the world.

5. Slackness in information dissemination of trade opportunities

The world is full of business opportunities which keep appearing in different time frames. The crux is in rightly capitalizing those opportunities in the shortest time span. It is thus important that the information of local as well as foreign trade potential is comprehensively and promptly disseminated among the business community so that Pakistani exporters can take their best advantage.

In this regard, the government should develop policies for proper information dissemination and explore all feasible marketing channels for Pakistani products. Such marketing efforts may also include setting up a portal for trade opportunities, sector specific exporters' directories along with their product details, creating a free or low cost product display areas in Pakistani embassies abroad where Pakistan's exporters can market their products.

Furthermore, in order to increase and expand exports of Pakistan the policy makers should observe trade cycles in trading partners economies and should try to get maximum benefit in the periods of cyclical booms.

D. Destination based factors that influence exports

1. Slackness in effective inking of trade agreements

An exporting country faces trade impediments related to policies of its exports partners. These may include issues of regulatory duties, non-trade barriers etc., which are sometimes addressed by entering into various agreements with those partners. Pakistan has very few Trade Agreements (TA) with its trading partners. Signing of more TAs could provide the private sector greater access to other countries and regions.

During the last two decades, nearly 20 FTAs have been signed globally on average every year. To date, the Pakistani export sector has access to only 8 such TAs and even their utilization has been unsatisfactory. For example, for the South Asian Free Trade Area (SAFTA) agreement signed by Pakistan in 1994, Pakistan has only 10% share in total SAFTA trade, while India and Bangladesh make up the bulk of trade.

FTAs and PTAs of Pakistan

Trade agreements provide opportunities to the participating countries for enhancing their exports growth by virtue of having relief on tariffs. However this is not the usual case with Pakistan. A less diversified exports base, low utilization of trade agreements and unplanned decision making by the govt. officials when finalizing agreements have restrained Pakistan from fully reaping the benefits of Trade Agreements.

Pakistan's Agreement Partner	Entry Date	Pre FTA/PTA Trade Balance ($ Mn)	Trade Balance in 2012-13	Change in Trade Balance Since Trade Agreement ($ Mn)
Sri Lanka	2005	98.87	277.65	178.78
Iran	2006	-78.71	72.69	151.40
China	2007	-1790.06	-2027.19	-237.13
Mauritius	2007	36.48	27.68	-8.80
Malaysia	2008	-1184.40	-1560.43	-376.03
Indonesia	2013	-489.15	-244.357	244.80

Source: *KCCI Research; TDAP*

Pakistan has its Free Trade Agreement (FTA) with Sri Lanka, China, Malaysia; Preferential Trade Agreement (PTA) with Iran, Mauritius and Indonesia and multilateral agreement SAFTA with South Asian countries. The above table shows that Pakistan has mixed track record of benefitting from Trade agreements. Further agreements should be inked after an in-depth needs and capacity analysis of its imports and exports, respectively.

2. Failure to meet international quality standards and labor laws

Quality certification and adherence to health, labor, and environment standards is a problem having high consequence for exporters, yet it is a largely unattended issue. Pakistan's Worldwide Governance Indicator (WGI) ranking is below the minimum threshold of 19 points in the WGI (six points below the minimum benchmark) while it has also not implemented the Better Work Program (BWP) of International Labor Organization (ILO) and International Finance Corporation (IFC) as yet.

Walt Disney has announced to pullout it sourcing operations from Pakistan due to non-compliance with its ethical sourcing requirements of meeting the minimum 25 points on the WGI index. The pullout will come into effect in March 2014 causing an estimated loss of US $ 150Mn in annual exports. Estimates from 15 companies out of over 30 suppliers of Disney in Pakistan, indicate a loss of 25,000-30,000 jobs. It is expected that following the pull out of Disney from Pakistan, other sponsoring companies of the BWP may also re-evaluate the perceived reputational risk associated with sourcing from Pakistan.

Pakistan thus needs to either improve its ranking on the WGI or implement the BWP to ensure that foreign buyers continue to place export orders. Implementation of BWP, however, is not expected to materialize before January 2016. Another impending issue in this vein for Pakistani govt. is to comply with the 27 necessary conventions of the EU as part of its GSP Plus concessions.

It is thus imperative that Pakistan demonstrates a strong political will to improve labor conditions and ensure work place safety. While Pakistan has set up the necessary institutional arrangements for obtaining required global certifications, implementation remains limited mainly because exporters at large are not fully aware of these standards in the first place. Raising exporters' level of awareness can result in significant gains in achieving quality improvement.

The best way forward for the federal govt. is to make a coordinated effort based on consultations with relevant ministries at both the federal and provincial levels. Remaining indifferent to this very critical development will have a deep negative impact on Pakistan's exports at a time when all out efforts are being made to increase the country's forex reserves and stabilize the exchange rate. Non-conformance with ILO's labor requirements and other conventions may also result in the withdrawal of Pakistan's GSP Plus status, thus denting the bright prospects of high export growth very vital for improving the country's balance of payment position.

A multi-pronged strategy is the need of the day

Pakistan needs to diligently and effectively follow an export growth-led strategy. The incumbent government is committed to liberalization, deregulation and privatization. It should initiate reforms that will enable Pakistan to enhance its export competitiveness, reduce its dependence on external aid and augment its foreign exchange resources.

In order to boost exports of Pakistan, several measures should be taken which include lowering and simplifying tariffs, and improvement in trade facilitation and logistics. There is an urgent need to streamline and improve the efficiency of customs operations. It is a fact that fast clearance times of imports and exports result in high volumes of overall trade.

Pakistan has been considered an integral part of the global textile market since long, but it now needs to open its arms to diversification in its products and deploy focus on other non-textile product lines as well. Moreover, Pakistan now has to look what other comparable countries are selling and try to make a place for itself as an exporter of dynamic products whose exports is growing at the fastest rate. Pakistan should continue to concentrate on major economies, while simultaneously exploring opportunities in relatively smaller markets. It should also expand its regional trade (with GCC countries and smaller SAARC and ASEAN nations).

This could only be brought about by incorporating value addition and high technology in different industries and enabling a sizeable portion of its labor to graduate from low skill levels to high levels. Technology intensive activities help improving competitiveness of a country. High technology exports will come by strengthening research and development through investment in human capital in the country. This can in turn be brought about by strengthening the country's institutions, education and training.

Until the time Pakistan spurs itself to become an environment where capital intensive industries abound, it can make a niche for itself for labor-intensive goods where it has an edge because of abundant labor and lower costs of production. It is especially important to ensure that sufficient human and financial resources are put into place to create an enabling environment and to be proactive in the development and support of export sector.

Currently many clusters which employ skilled labor exist in the country, though they need to further improve their governance and technological progress. Pakistan should give more attention to enhancing its quality of education to be able to export value-added and high technology goods and services. At the same time, it needs to further improve its infrastructure to reduce costs associated with international trade. With these changes there is no reason why Pakistan should not soon be able to upgrade its position in the list of developing countries of the world within a matter of 8-10 years.

By forging partnerships with foreign companies, Pakistan would be able to adapt to new dimensions in system orientation and supply chain. Further, import of latest technology would help in reducing the costs, support in complying with international standards, add value to export products, aid in improving labor conditions and thus catch up with regional competitors.

It is worthwhile to summarize that creating an enabling environment is critical for increasing growth and export of goods and services. It needs to gear itself for the opportunities that keep on presenting themselves. For this purpose the government should focus on the following areas:

- More market access and exploitation of trade agreements,
- Developing a highly trained and skilled workforce,

- Competitive and cost effective infrastructure,
- Focus on and implementation of good governance,
- Simplified and well regulated standards and certification procedures comparable to international standards,
- Investor friendly business environment (including reducing the security and other risks),
- Tax and investment incentives,
- Capacity building of businesses and support organizations,
- Strategic promotion of business opportunities and
- Consistency in government policies with reduced political interventions.

Annexure

Commodity-wise Exports of Pakistan

Commodities	FY04	FY04 Share (%)	FY13	FY13 Share (%)	CAGR FY04-13
Cotton	2,676.54	21.59%	5,017	20.24%	7.23%
Other Made-up Textile Articles; Sets, Worn Clothing	1,540.00	12.42%	3,307.83	13.34%	8.87%
Articles of Apparel & Clothing Accessories Knit/Cr	1,705.34	13.76%	2,062.59	8.32%	2.14%
Cereals	603.80	4.87%	2,057.21	8.30%	14.59%
Articles of Apparel/Clothing Access not Knitted /Cro	677.62	5.47%	1,641.83	6.62%	10.33%
Salt, Sulfur, Earth's and Stones, Lime and Stone	57.80	0.47%	703.01	2.84%	32.00%
Mineral Fuels, Oils and Their Distillation Product	217.03	1.75%	676.77	2.73%	13.47%
Articles of Leather, Travel Goods and Handbags etc.	382.00	3.08%	630.58	2.54%	5.73%
Sugars and Sugar Confectionery	101.92	0.82%	558.26	2.25%	20.80%
Raw Hides, Skins and Leather other than Fur skins	392.78	3.17%	536.04	2.16%	3.52%
Plastics and Articles thereof	154.99	1.25%	434.00	1.75%	12.12%
Manmade Staple Fibers	213.40	1.72%	431.62	1.74%	8.14%
Beverages, Spirits and Vinegar	17.87	0.14%	402.98	1.63%	41.37%
Toys, Games and Sports Requisites; Parts & Acces.	334.11	2.70%	352.81	1.42%	0.61%
Optical, Photographic, Measuring and Medical Inst.	173.88	1.40%	328.33	1.32%	7.32%
Edible Fruits and Nuts	98.93	0.80%	274.30	1.11%	12.00%
Fish and Crustaceans	128.04	1.03%	272.07	1.10%	8.74%
Pearls, Stones, Precious Metals, Imitation Jewelry	14.37	0.12%	260.10	1.05%	37.96%
Meat and Edible Meat Offal	25.97	0.21%	240.52	0.97%	28.06%
Articles of Iron or Steel	22.17	0.18%	178.43	0.72%	26.08%
Iron and Steel	13.10	0.11%	167.41	0.68%	32.72%
Special Woven Fabrics, Tufted Textiles Fabrics, Lace	386.51	3.12%	161.90	0.65%	-9.22%
Pharmaceutical Products	68.20	0.55%	154.15	0.62%	9.48%
Other Vegetable Saps and Extracts; Lac, Gums, Resins	31.53	0.25%	148.29	0.60%	18.77%
Nuclear Reactors, Boilers, Machinery and Appliance	93.37	0.75%	143.09	0.58%	4.86%
Copper and Articles thereof	6.10	0.05%	141.71	0.57%	41.82%
Animal or Vegetable Fats, Oils & Cleavage Products	77.66	0.63%	133.19	0.54%	6.18%
Carpets and other Textile Floor Coverings	231.74	1.87%	131.25	0.53%	-6.12%
Ores Slag and Ash	15.61	0.13%	112.00	0.45%	24.48%
Oil Seeds and Oleaginous Fruit	18.96	0.15%	100.98	0.41%	20.42%
Furniture; Bedding, Mattresses, Lamps and lighting	33.96	0.27%	99.17	0.40%	12.65%
Electrical Machinery & Equipment and Parts thereof	44.94	0.36%	97.37	0.39%	8.97%
Footwear, Gaiters & the Like; Parts of such Articles	77.85	0.63%	96.41	0.39%	2.40%
Edible Vegetables	61.65	0.50%	95.20	0.38%	4.95%
Rubbers and Articles thereof	19.77	0.16%	85.23	0.34%	17.63%
Preparation of Vegetables, Fruits and Nuts etc.	16.05	0.13%	75.03	0.30%	18.69%
Preparation of Cereals, Flour and Starch etc.	10.46	0.08%	74.01	0.30%	24.28%
Preparation of Meat, Fish and Crustaceans etc.	17.03	0.14%	68.92	0.28%	16.81%
Paper and Paperboard, Articles of Paper Pulp	13.61	0.11%	67.90	0.27%	19.55%
Vehicles other than Railway /Tramway Rolling Stock	20.04	0.16%	64.78	0.26%	13.93%
Products of Milling Industry	21.34	0.17%	64.01	0.26%	12.98%
Tools, Implements, Cutlery, Spoons & Forks of Base	46.07	0.37%	61.68	0.25%	3.30%
Coffee, Tea, Mate and Spices	15.63	0.13%	55.31	0.22%	15.08%
Aluminum and Articles thereof	19.83	0.16%	51.50	0.21%	11.18%
Knitted or Crocheted Fabrics	81.78	0.66%	48.09	0.19%	-5.73%
Miscellaneous Chemical Products	17.02	0.14%	47.86	0.19%	12.17%
Products of Animal origin NES	15.45	0.12%	46.20	0.19%	12.94%
Impregnated, Coated, Covered or Lamented Tex. Fab.	139.10	1.12%	44.77	0.18%	-11.84%
Tanning or Dyeing Extracts	9.69	0.08%	44.17	0.18%	18.36%
Articles of Stone, Plaster, Cement, Mica etc.	36.88	0.30%	43.96	0.18%	1.97%
Residues from Food Industries, Animal Fodder	0.93	0.01%	42.88	0.17%	53.03%
Dairy, Eggs, Honey and Edible Products	17.41	0.14%	38.89	0.16%	9.34%
Wood and Articles of Wood; Wood Charcoal	10.75	0.09%	38.19	0.15%	15.12%
Manmade Filaments	290.38	2.34%	37.98	0.15%	-20.23%

Silk	135.55	1.09%	37.75	0.15%	-13.24%
Organic Chemicals	39.58	0.32%	36.85	0.15%	-0.79%
Organic or Inorganic Compounds of Precious Metals	4.70	0.04%	33.09	0.13%	24.22%
Explosives, Pyrotechnic Products and Matches etc.	24.19	0.20%	29.99	0.12%	2.42%
Tobacco and Manufactured Tobacco Substitutes	12.87	0.10%	28.99	0.12%	9.44%
Oils & Resinoids, Perfumery or Toilet Preparation	23.87	0.19%	27.82	0.11%	1.72%
Soap, Org. Surface Active agents ,Washing Products	17.56	0.14%	27.18	0.11%	4.98%
Ceramic Products	7.23	0.06%	23.85	0.10%	14.19%
Miscellaneous Edible Preparations	2.05	0.02%	21.01	0.08%	29.54%
Live Animals	4.51	0.04%	17.80	0.07%	16.48%
Wool, Fine or Coarse Animal Hair, Horsehair Yarn	23.14	0.19%	16.95	0.07%	-3.40%
Other Vegetable Textile Fibers; Paper Yarn etc.	24.26	0.20%	15.18	0.06%	-5.07%
Arms and Ammunition; Parts and Accessories thereof	7.23	0.06%	13.78	0.06%	7.43%
Miscellaneous Manufactured Articles	9.12	0.07%	13.52	0.05%	4.47%
Glass and Glassware	22.85	0.18%	12.39	0.05%	-6.57%
Other Base Metals; Cermets; Articles thereof NES	0.32	0.00%	11.97	0.05%	49.58%
Lead and Articles thereof	2.96	0.02%	9.99	0.04%	14.46%
Albuminoidal Substances; Starches, Glues, Enzymes	12.43	0.10%	9.52	0.04%	-2.92%
Ships, Boats and Floating Structures	27.38	0.22%	8.37	0.03%	-12.34%
Wadding, Felt and Nonwovens, Special Yarn, Twine	41.34	0.33%	8.17	0.03%	-16.49%
Vegetable Planting Materials	13.19	0.11%	7.83	0.03%	-5.63%
Books, Newspapers & Products of Printing Industry	6.09	0.05%	5.38	0.02%	-1.37%
Aircraft, Spacecraft and Parts Thereof	0.10	0.00%	4.86	0.02%	53.52%
Musical Instruments; Parts and Accessories thereof	3.80	0.03%	3.66	0.01%	-0.43%
Miscellaneous Articles of Base Metal	0.76	0.01%	2.22	0.01%	12.62%
Manufactured of Straw, Basket ware and Wickerwork	0.40	0.00%	2.06	0.01%	20.14%
Fur skins and Artificial Fur, Manufactures thereof	1.31	0.01%	1.62	0.01%	2.37%
Live Trees and other Plants	0.97	0.01%	1.58	0.01%	5.49%
Special Classification Provisions	6.00	0.05%	1.50	0.01%	-14.29%
Tin and Articles thereof	0.04	0.00%	1.45	0.01%	49.15%
Works of Arts, Collectors' pieces and Antiques	0.65	0.01%	1.15	0.00%	6.53%
Pulp of Wood or other Fibrous Cellulosic Materials	0.74	0.01%	1.06	0.00%	4.16%
Photographic or Cinematographic Goods	0.85	0.01%	0.93	0.00%	1.00%
Cocoa and Cocoa Preparations	0.85	0.01%	0.75	0.00%	-1.40%
Fertilizers	10.68	0.09%	0.48	0.00%	-29.17%
Zinc and Articles thereof	0.37	0.00%	0.43	0.00%	1.69%
Clocks and Watches and Parts Thereof	0.60	0.00%	0.41	0.00%	-4.23%
Headgear and other Parts thereof	0.46	0.00%	0.40	0.00%	-1.48%
Umbrellas, Walking Sticks, hips Riding Crops, Parts	0.16	0.00%	0.40	0.00%	10.58%
Prep Feathers, Human Hair/Articles, Artific Flowers	4.13	0.03%	0.31	0.00%	-25.08%
Nickel and Articles thereof	0.37	0.00%	0.12	0.00%	-11.67%
Railway or Tramway Locomotives rolling Stock/Parts	0.64	0.01%	0.10	0.00%	-18.79%
Cork and Articles of Cork	0.01	0.00%	0.07	0.00%	19.19%

Source: *KCCI Research; SBP*

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