

PAKISTAN

The 8th session of the EEC-Pakistan Joint Commission will take place in Islamabad on 25/26 February 1984. Among the topics to be discussed will be a review of the operation of the EEC-Pakistan Textile Agreement and the trade promotion programme for 1984, the operation of the Community's Generalised Scheme of Preferences and her financial and technical aid programme for Pakistan and the development of new areas of cooperation.

Pakistan is linked to the Community by a non-preferential commercial cooperation agreement concluded in 1976. As a former member of the Commonwealth having traditional trading links with the United Kingdom, Pakistan was one of the beneficiaries of the Joint Declaration of Intent annexed to the Accession Treaty under which the Community undertook to seek solutions to the trade problems resulting from British accession for Asian Commonwealth developing countries. A Pakistani diplomatic mission was accredited to the Community in 1962.

1. Commercial Cooperation Agreement (CCA)

Following the conclusion of a CCA between India and the Community in December 1973, the Council agreed in October 1974 to open negotiations for a similar agreement with Pakistan, which was signed in June 1976 and came into operation in July 1976. The agreement, which is non-preferential, provides for the mutual granting of MFN (Most Favoured Nation) treatment.

The essential provision of the agreement is the establishment of a Joint Commission with a mandate to study the means of overcoming trade barriers and to promote cooperation between the two parties with a view to developing and diversifying trade. The Joint Commission is also entrusted with supervising the operation of the sectoral agreements. The Community also agreed to examine in the framework of the Joint Commission's possible measures to increase trade in Bismati rice and cotton products.

The Joint Commission held its first meeting in Brussels in April 1977. Subsequent meetings were held alternately in Brussels and Islamabad. It has established a trade promotion programme under which the Community finances the participation of Pakistani exporters in trade fairs, sales missions to Europe, the organisation of seminars and workshops and the provision of consultant experts in such sectors as leatherwear, sports goods, clothing and tobacco. The possibility of promoting cooperation between economic operators on both sides in the leather and fisheries sectors has also been discussed. Finally, the Joint Commission has reviewed Pakistan's utilisation of the Community's GSP (Generalised System of Preferences) and of its textiles restraint levels under the bilateral agreement in the framework of the Multifibres Arrangement (see below).

The Commission has just proposed to the Council that a new Commercial and Economic Cooperation Agreement be negotiated which as well as strengthening the trade provisions of the present agreement, would provide for wide ranging economic cooperation from which no field would be a priori excluded.

Textiles

Trade between the Community and Pakistan in textiles is regulated by a bilateral agreement negotiated in 1982 in the framework of the Third Multifibres Arrangement. In return for an undertaking by the Community to suspend existing restrictions and not to introduce new restrictions under the safeguard provisions of GATT or the MFA, Pakistan has agreed to limit exports of 13 categories of textile products (cotton yarn, cotton cloth, T-shirts, jerseys, men's shorts, cotton towelling, men's pyjamas, trousers, bed linen, women's dresses, women's shirts, gloves and babies' clothes) to the levels laid down in the agreement.

Generalised Scheme of Preferences (GSP)

As a member of the Group of 77 developing countries Pakistan benefits from preferential access under the Community's GSP. She has been an important user of the scheme in recent years as a very large proportion of her exports to the Community qualify for duty free entry. In 1982, Pakistan had duty free entry for 52% of her exports to the Community.

Aid

Since 1968 Pakistan has been an important beneficiary of the Community's food aid programme. Large quantities of cereals (ranging from 10000 to 80000 tonnes per year) butteroil (since 1973) and milk powder (since 1972) have been sent to Pakistan, both under the Community's regular food aid assistance and as disaster relief. Under the 1981 programme, Pakistan received 30000 tonnes of cereals, 1500 tonnes of butteroil and 750 tonnes of skimmed milk powder and in 1982 2000 tonnes of butteroil and 2000 tonnes of skimmed milk powder. No cereals were delivered in 1982 or 1983 as Pakistan has attained self-sufficiency.

These quantities do not include the emergency food aid and assistance granted by the Community to Afghan refugees in Pakistan worth approximately \$ 73 million since 1980.

Over the period 1976-83 Pakistan has also received 43.3 million ECU under the Community's programme of financial and technical assistance to non-associated developing countries, for such projects as the Chasma Irrigation Project on the Indus River in the Punjab.

Finally Pakistan is also a beneficiary under the Community's trade promotion programme mentioned above.

Trade relations

The Community is Pakistan's most important trading partner accounting for 22% of her imports and 16% of her exports in 1981. Pakistan on the other hand accounts for less than 1% of the Community's total external trade. Since the enlargement of the Community in 1973 Pakistan's exports to the EC have gone up from 189 MECU in 1973 to over 500 MECU in 1982 and her imports from the EC from 234 MECU to approximately 1000 MECU in the same period.

Pakistan's main exports to the Community are textiles and clothing and her main imports machinery and manufactured goods. Her principal trading partners within the Community are the United Kingdom, Germany and France.

	TRADE BETWEEN THE EC AND PAKISTAN						Millions ECU (+)
	1973	1976	1979	1980	1981	1982	1983(8 months)
EC-Imports	189	269	377	446	483	541	399
EC-exports	234	503	806	893	1041	1077	837
Balance	45	234	429	447	558	536	438

Source EUROSTAT

(+) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the ECU vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981 and US\$ 0.98 in 1982.