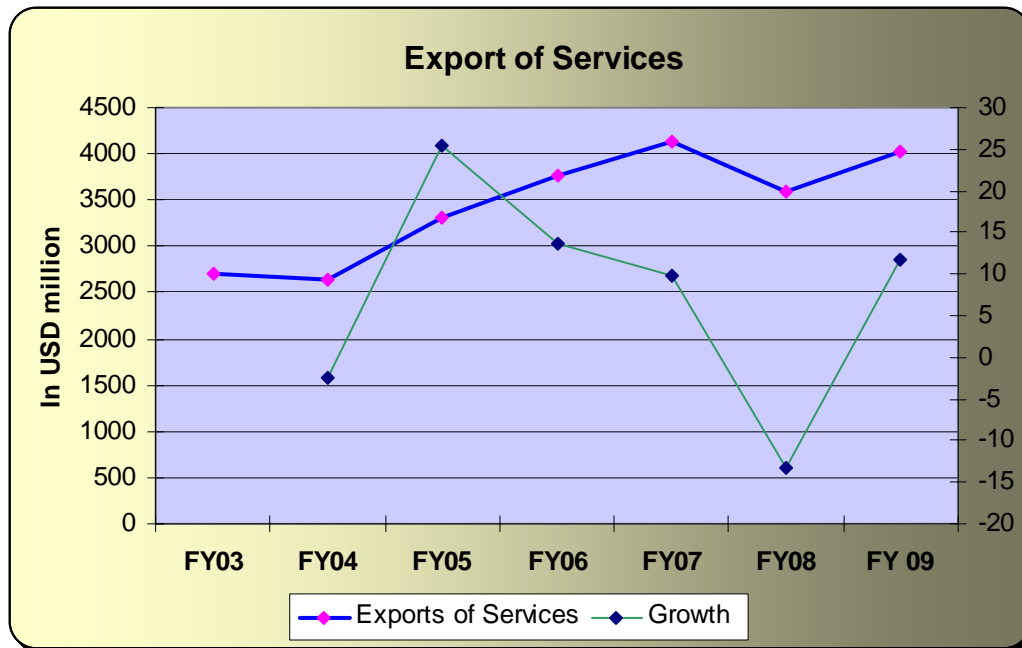


Trade in Services Sector in Pakistan

The Services sector contributes 53.8% to Pakistan's GDP. Major subsectors are Finance and Insurance, Transport and Storage, Wholesale and Retail Trade, Public Administration and Defense. Services contribution to our GDP is gradually increasing. During the current period of financial downturn, the services sector has been a major contributor to growth. Pakistan's GDP grew at the rate of 2% (-1.7% in real terms) in 2008-09. The services sector grew at the rate of 3.6% and made a 96% contribution to the GDP growth. Even though services growth was significantly better than the commodity producing sector, it was 45% lower than the growth rate recorded last year.



Pakistan's exports of services was \$ 4.015 billion. A growth of 12% over last year was recorded however, a decline of 13% was witnessed last year. Import of services declined by 24%. Important services exported include transport services, other business services, travel services and computer and IT related services. A decline in services imports and rise in exports have led to the shrinkage of the services trade balance by 45% to – \$ 3.5 billion.

The global trade in services grew by 12% in 2008 compared to 18% in 2007. Analysts were quick to deduce that trade in services was more resilient to the economic crisis. However, in 2009, the global trade in services contracted. Sectors such as travel and transportation recorded a higher level of decline. Pakistan's services sector has so far not recorded a decline in overall terms.

Recognising the export potential of the services sector, the Ministry of Commerce has set up a National Steering Committee to devise a long term strategy for improving Pakistan's export of services with following terms of reference:

- To serve as consultative body for policy formulation on services exports;
- To support development of a National Services Export Strategy;
- To oversee implementation of a National Services Export Roadmap;

- To take stock of the current state of affairs in the sector on the basis of available objective evidence and to identify research needs;
- Any other matter related to export of services

TDAP the trade promotion agency has also set up a Services Export Development Cell (SEDC) at TDAP which has identified Financial Services, Construction & Architectural Services, Professional Services, Health & Medical Services and Information Technology as priority sectors. SEDC is working with all stakeholders to address core issues and devise strategies for each sector.

To help services sector grow and expand, a Services Export Development Fund is being established under the Trade Policy 2009-10 to provide assistance in the form of reimbursable grants to Pakistan services exporters for building their export capacity. The International Trade Centre has also conducted two studies on services sector in Pakistan under the EU-funded Trade Related Technical Assistance Programme: *“(I). Services capacity in Pakistan, (II). National Services Export Roadmap”*.