

Terms of Reference for Research Studies of FT-II Wing

Subject: Studies on Pakistan's Bilateral trade potential with Iran and Africa

1. OBJECTIVE

The objective of the studies is to provide an in-depth analysis for Pak-Iran and Pakistan Africa Trade.

2. WORK SCHEDULE

The joint study will be undertaken from the date of signing of Terms of Reference (TORs) and the final report shall be compiled within three months from the date of commencement of study.

3. FINANCIAL ARRANGEMENT

The Government of Pakistan through Export Development Fund under Ministry of Commerce shall bear the cost of the study. Payment to be made on submission of study.

4. BACKGROUND

Pakistan is looking forward to strengthening its relationship with Iran through enhancing bilateral trade relations. As a result of signing of MOU on Five Year Strategic Trade Cooperation Plan between the two countries in March 2016, Pakistan and Iran started negotiating a Free Trade Agreement, in December 2016 with the resolve to timely complete the negotiation process and achieve the objective of enhancing bilateral trade for the betterment of people of both brotherly countries removing all barriers to bilateral trade. The Third Meeting of the Trade Negotiation Committee (TNC) on Pakistan-Iran Free Trade Area Agreement (PIFTA) was held on 21-22 November 2017 in Tehran. The first meetings of Sub Committees on Sanitary-Phyto-sanitary Measures, Technical Barriers to Trade and Customs Cooperation were held simultaneously along with the TNC negotiations in which experts discussed and negotiated on the texts as already proposed by Pakistan and finalized those at the expert level. The authorized bodies of each Party technically approved the text and referred those to their respective Ministries/Bodies for final clearance.

During the Meeting, the TNC discussed and negotiated on the Draft of text for FTA in Goods and finalized it at expert level. It was decided to carry out further deliberations in order to complete all Annexes of the FTA Agreement by June 2018 which would complete the technical process of final FTA for consequential approval by the respective Governments. The two sides agreed to exchange the final wish-lists of tariff concession on each other's products with the objective to finalize those by incorporating them in Pak-Iran PTA by March 2018.

Ministry of Commerce desires to develop a comprehensive analysis of the Free Trade Agreement with Iran, specially keeping in view the restrictions.

Pakistan and the African nations have had extremely good bilateral relations. These relationships are based on mutual respect, deep cultural bonds and goodwill. Nevertheless, the trade volumes between African nations and Pakistan do not adequately reflect our long standing relationships. Africa's annual trade volume is US \$ 1 trillion but Pakistan's trade with Africa is stagnant at US \$ 3 billion per year for last five years. This low trade volume can be attributed to an inadequate level of engagement between us. With a view to take

corrective measures the Ministry of Commerce has recently formulated “Look Africa Plan” which has already been put into motion and is reflective of our broader policy towards Africa.

The highlights of the policy include:

- Granting accreditations and opening new commercial sections in Africa including in Egypt, Tanzania Ethiopia. Sudan and Algeria in first phase;
- To initiate negotiations on bilateral/multilateral trade agreements for market access in Africa;
- Formation of Joint Working Groups JWGs on trade;
- Establishment of Africa Cell in TDAP Karachi;
- Special facilitation to delegations to/from Africa and ;
- Enhanced facilitation by the government for the Pakistani companies, participation in trade fairs in Africa;
- 2% additional duty draw back on focused non-textile items exports to Africa;

Therefore, negotiations are being initiated with SACU, Tunisia, Kenya, Tanzania etc; hence market research is required on potential of Pakistan trade with Africa. In this regards the following TORs have been formulated to be followed:-

I. General TORs:-

1. Sectoral analysis of the sectors/products having export potential in the partner country
2. Identification of the market potential and impact analysis of the bilateral, regional and global trade trends on the bilateral trade arrangements
3. Socio economic impact on trade of the partners and their effects on the bilateral and regional trade and political diplomacy
4. Impact Tariff analysis and its implications on the regional and bilateral trade.
5. Non tariff Barriers.

II. Iran Specific TORs:-

1. International Trade Behavior of Iran
2. Sanctions Relief and Regional Integration: Realities and Challenges
3. Pakistan-Iran Bilateral Trade Patterns
4. Pakistan’s Export Potential to Iran
5. Establishment of Banking Channels
6. Border Trade and its management
7. Sensitive tariff lists, goods tariff lists to be negotiated
8. Non-Tariff Barriers and suggested possible solutions
9. Procedural requirements including customs procedures of the Importing Country,
10. Comparative study of regional trade arrangement and their implications on Pak-Iran FTA
11. Analysis and suggestion on Traderemedies (safeguards, anti-dumping measures and countervailing duties), rules of origin, sanitary and phytosanitary measures, electronic commerce and dispute settlement mechanism
12. Trade in services consultations and impact analysis – Identification of services trade and investment.

13. Detailed overview of the existing banking system used by other key trading partners of Iran for payments.
14. Impact assessment of liberalization of trade and investment, including quantitative / qualitative analysis of FTA

III. **Africa Specific TORs:-**

1. Pakistan Africa Trade- Major trading Partners
2. Pakistan-Africa Bilateral Trade Patterns
3. Pakistan's Export Potential to Africa
4. Identification of the regions/countries having trade potential for Pakistan, in South, East, West and North Africa.
5. Trading Patterns in Africa
6. Economic Integration of Africa
7. Africa trade relations; bilateral and multi-lateral trade mechanism with other countries and its impact on Pak-African Trade relations
8. African FTAs/PTAs with partners outside Africa
9. Identification of main competitors and tariff concession enjoyed in the African market (region wise).
10. Comprehensive sectoral analysis and identification of the tariff lines having trade potential.
11. Non-Tariff Barriers and suggested possible solutions
12. Procedural requirements including customs procedures of the Importing Country, registrations etc.
13. Potential for services trade.
