

Pakistan's Trade Potential and the Regional Comprehensive Economic Partnership

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PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS



PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS
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PAKISTAN'S TRADE POTENTIAL AND THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP

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KEYNOTE SPEAKER

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Issues to be touched upon during the webinar:

- What is the content of the RCEP?
- How does it compare to the other large agreement in the region, the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)?
- What are the RCEPs' economic, strategic and systemic implications?
- What does it mean for Pakistan?



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Preamble

For years now, we have built up Hitchcockian suspense over the trade, we worship trade and have spent a fantastical amount of time and efforts to increase it. But over thirty years, it might not change even the percentage to GDP. Constantly, our eye-rolls have left us with a perpetual squint. Small countries like Costa Rica have a free trade agreement with over 50 countries and 80 to 90 percent of the consumption material comes from trade but in the case of Pakistan, trade has trapped into papers that are only “fake leaves”.

Webinar enlightens us to understand

- What does Regional Comprehensive Economic Partnership (RCEP) mean for Pakistan?
- What we can do about our trade potential?
- Despite living in a difficult region do we believe in a regional partnership?
- Do we have the capacity to compete with international competitors?
- How will we work over international rigmarole?

Key points

- In trade-oriented nations capacity is not an option, there is only a need to adopt the glass half full phenomenon. In regional partnership, the threshold for the regional value of content is quite low which shows that there is still space to have content from elsewhere. Flexibilities in rules leave a lot of room for countries like Pakistan to the plugin.
- The RECP agreement is a free trade agreement between fifteen Asia-Pacific nations having 29 percent of the world's GDP. The main features which differentiate RCEP from others are the establishment of modern, comprehensive high quality, and mutually beneficial economic partnership agreement along with the creation of a competitive investment environment in the region.
- Furthermore, it helps in trading goods by using common rules, general rules, and single certification. It shows that all fifteen countries have the potential to unravel the spaghetti bowl of free trade agreement in addition to the provision for the accumulation of origin.
- The aim of RCEP is trade liberalization, market access commitments, services, investment for member countries, and removal of restrictive and discriminative aspects. To secure the national level interest RCEP provides domestic regulations and transparency which will strengthen the rules.
- On the other hand, FTA's should be translated into the country's trade and investment policy which can elaborate the kind of incentives that we are going to provide to the industrial sector. Pakistan needs to decide whether it has to live on the culture of protection or open to integration. Integration is quite a difficult journey but more delay is riskier.
- In regional partnership, the establishment of competent authority and provision of a platform to exchange information, foster cooperation will increase the benefits of the agreement. Through regional cooperation markets of all member countries for all of them open in 18 months.
- Similarly, RCEP cures the marginalized community of designated monopolies (a common issue of emerging economies) and makes sure assistance in producing effective labor, clearing the environment, maintaining transparency and corruption-free procedure.

Concluding remarks

- Through the participation in RCEP, exports of Pakistan will increase by 15 to 16 percent and competition in the field of specific products will be able to expand its market.
- Elimination of tariffs for neighboring countries will not expand their exports but also be favorable for Pakistan to boost potential investment, because all the countries will prefer those countries which are part of the group.
- Regional cooperation is particularly an injection in the momentum to Pakistan's exports for rising diversity and it is an important opportunity to enter into mega-regional trade which could help in expanding networks to support participation in the global supply chain.



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