

## More positives in bilateral trade as Pakistan promises action on negative list

**T**he economic and trade engagement between India and Pakistan is ready to take off in a big way following Commerce, Industry and Textile Minister Mr Anand Sharma's visit to Pakistan – a first by an Indian trade minister in 30 years.

Mr Sharma, along with businessmen and industry representatives, led the largest Indian trade delegation to Pakistan February 11-15, 2012, during which he took part in a series of trade promotion events, including an India Show in Lahore.

The visit, which covered Pakistan's commercial capital and port city of Karachi and Lahore, besides Islamabad, gave an opportunity for Pakistani businesspeople and the layman to see one of the largest "India Shows" and attend several business conclaves.

India's 120-member delegation included some of the nation's top business leaders. Among them were Rajan Mittal, the head of India's leading telecom company, Bharti; and Naresh Goyal, the head of the nation's largest airline, Jet Airways.

The delegation had a series of meetings with business leaders and government officials of Pakistan, including Prime Minister Mr Yousuf Raza Gilani and Commerce Minister Mr Makhdoom Ameen Fahim.

Realising the potential the two sides hold for bilateral trade—estimated now at \$2.7 billion officially, and some five-times more routed through third countries—they decided it was time to move ahead and make it easier for at least commerce to flourish.



Commerce and Industry Minister Mr Anand Sharma (left) greets his Pakistan counterpart Mr Makhdoom Ameen Fahim during his 3-day visit to Pakistan.

Given the long history of conflicts and distrust, there were no expectations from either side of an overnight change in relations. But the beginning was good -- visible during the meetings between business leaders.

"Ours is a history of missed opportunities. We certainly don't want to leave behind the same environment for our children," said Mr Sharma. "This is, indeed, a big step forward in normalising business relations between two neighbours."

The visit was a high-point of the slow but steady progress that was being made over the past 10 months to strengthen trade and business ties beginning with the secretary-level talks in the Pakistani capital, and another round in New Delhi.

An important outcome of the talks was Islamabad's commitment to grant most-favoured nation (MFN)

status to India by the end of this year -- which will pave the way for Pakistan to import four-times many more items from India.

India granted a similar status to Pakistan in 1996.

Mr Sharma said the neighbouring country had indicated its desire to strengthen trade ties such as increasing the number of goods that could be imported from India.

He said Pakistan had said that it would move its trade policy towards India from the positive list-based regime to a negative list one, thus enabling more Indian goods access to its market.

"There is every reason for us to believe that there is an expressed wish and desire on the part of Pakistan to move to the (negative list) regime. This will deepen and diver-

sify trade and enhance economic engagement," Mr Sharma told reporters.

Islamabad allows only 1,946 items of import from India, whereas New Delhi permits imports from Pakistan of all but a few items on the Indian negative list.

"This is the understanding which has been given to us when the Pakistani Commerce Secretary came again in November. This will be a major boost to two-way trade. We expect trade to double in the next three-four years from the current level of \$2.7 billion," he added.

Mr Fahim said easier business visa and import norms were a part of this agenda. "We have prepared a roadmap -- a roadmap we are going to have a very good business and economic relations with India," he said. Notwithstanding the decision of the Pakistan Cabinet to defer the pruning of the 'negative list', both sides agreed that the visit was a successful one.

Some of the tangible results were:

- Commitment to finalise by March 2012 easier visa norms
- A dedicated Attari-Wagah gate by April 30 to facilitate movement of goods
- Look at export of petroleum products to Pakistan by Indian refineries
- Promise to look into investments by Pakistani businesses in India
- Look at reciprocal possibilities of Pakistani and Indian banks opening branches

Mr Sharma said hurdles to free trade between Pakistan and India are being removed through sustained dialogue as continuous interaction has helped in bridging the differences

between the two sides enabling India to organize its first-ever trade show in Pakistan.

The trade balance is heavily in favour of India with its exports at \$2.3 billion and imports from Pakistan at \$332 million. An improvement in ties between the two countries could result in bilateral trade growing to \$10 billion by 2015, according to some estimates.

When asked about the easing of visa norms for business travellers between the two countries, Sharma said he would like to finalise the details of a multiple-entry visa regime as soon as possible.

"Both governments have talked. The drafts have been exchanged. We are in favour of an early conclusion of the signing of an agreement for a multiple-entry visa regime to facilitate the movement of business leaders of India and Pakistan as part of the process of normalisation."

The minister also said he, along with his Pakistani counterpart, would review the progress of the Integrated Check Post (ICP) at Attari-Wagah border this morning.

An overwhelming majority of the chambers of commerce and industry of various cities and township conveyed to the Pakistan Government that it is time to put in place a liberal trader regime, which is backed not only by the trading community but also by the people and corporate houses.

The Lahore Chamber of Commerce and Industry and the Karachi Chamber of Commerce and Industry submitted representations to the Government, suggesting that the issue of pruning the 'negative list' should not be allowed to cast a shadow over the attempts to put in place a solid foundation for a long-lasting trading regime between the two nations.

"We are in the business of petrochemicals and have been trading with India through third countries. Indian Oil Corporation has been doing business with us and we have been happy. There is a demand for 30,000 tonnes a month of petrochemicals from Pakistan and this could easily touch 70,000-80,000 tonnes if we are allowed to trade through the Wagah border," said Mian Nasser Hyatt Maggo of Al-riaz Agencies.

Another businessman in Lahore, Farrukh Siddiqui, said India and Pakistan had to open up their borders for trade. "We have common interests and common agenda in many sectors. Why should we allow a third country to take advantage of the volatile situation and exploit our sentiments?" he added.

The chambers of commerce and industry in Lahore and Karachi are pushing for pruning of the 'negative list' in the areas where there is no disagreement / differences. Their viewpoint is that at least a beginning should be made and the rest will follow.

Currently, India's trade with Pakistan is just 0.5 percent of its total global trade. This is a far cry from 1947 when the two nations gained independence. India's trade with Pakistan then accounted for nearly 60 percent of its global engagement.

"As neighbours, we should be natural trading partners," Sharma said adding this was reflected in the large volume of informal trade the businesses of the two sides engage in through third countries and illegal routes. ■

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## Hon'ble Minister welcomes trade normalization with Pakistan and shift from positive to negative list regime

India has welcomed the decision of the Government of Pakistan to transition from a Positive List Regime to a Negative List Regime for trade with India. This welcome development reaffirms the commitment of both Governments for trade normalization made when the Pakistani Commerce Minister visited India between September 26 and October 2, 2011.

This effectively means that the negative list will be phased out by the end of this year. This will mark a dramatic shift in the lines that can be traded as now almost 90% items can be traded with Pakistan as opposed to 17% earlier. Welcoming the development, the Hon'ble Minister of Commerce, Industry and Textiles Shri Anand Sharma said, "during my visit to Pakistan in February 2012, Prime Minister Gilani and Trade Minister Makhdoom Amin Fahim, had assured me that a final decision in the matter would be taken by end-February and I am happy that this has been achieved."

"We believe that strengthening economic engagement between India and Pakistan lies at the heart of building enduring peace and stability in this region. Flourishing trade is the biggest confidence building

measure among any two nations. During my visit to Pakistan, I saw considerable enthusiasm in industry leaders and the trading community of both countries for deepening this engagement. We now need to continue the momentum of regular exchanges which we have started since mid-2011," Mr Sharma said.

Hon'ble Minister's visit to Pakistan was the first ever visit by a Commerce Minister of India for substantive bilateral meetings. Accompanied by more than hundred high power business delegates, this visit marked a historic moment for both the countries. Political leadership and business communities extended unequivocal support for full normalization and preferential trading arrangements between the two countries. The Joint Statement by the two Ministers at the end of the visit noted: "It has been agreed that Pakistan will move from a Positive List to a small Negative List by February 2012. The negative list is to be phased out; the timing for this will be announced in February 2012 at the time the list is notified. It is expected that the phasing out will be completed before the end of 2012."

## FIEO Regional Chairman felicitated by Customs Department



On the occasion of International Customs Day, FIEO (Eastern Region) Chairman Mr Ramesh Kumar Agarwal was felicitated by Kolkata Customs on February 2, 2012 , for his contribution in trade facilitation in the Eastern Region. Mr Agarwal received a plaque from the chief guest, Justice Mr Ashim Kumar Roy of the Calcutta High Court, in the presence of Mrs Deepa Dasgupta, Chief Commissioner, Kolkata Customs, and Mr Gurdeep Singh, Commissioner (Port & Airport).