GVC INTEGRATION:
Exploring Pakistan's Trade Potential with Southeast Asia

CASE STUDY OF THE SEAFOOD SECTOR
Present Status, Opportunities, and Challenges

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Policy Paper

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SUMMARY

In the current era of globalization, countries are forming trade pacts to increase economic growth and become more integrated into Global Value Chain (GVC), which drives global trade. Pakistan's situation is similar since it is now pursuing many proposed FTAs to access prospective markets for export diversification. This study demonstrates potential avenues for enhancing trade relations between Pakistan and the ASEAN region. It is worth noting that Pakistan is pursuing a 'Vision East Asia' policy, which aims to enhance relationships with East Asian and ASEAN countries; in complementarity, the ASEAN members' 'Look West' policy aims to engage economically with South Asian countries. Together, these two policies provide forth a thorough blueprint for Pakistan and ASEAN to cooperate toward a common goal and strengthen their bilateral relations.

Pakistan engages in substantial seafood product exports to many countries, including Japan, Thailand, China, Malaysia, the Middle East, and Sri Lanka. From 2015 to 2023, the country's seafood exports increased from 128,081 tons to 218,627 tons. Significant growth in China's imports of fisheries from Pakistan was observed subsequent to the implementation of the China-Pakistan Free Trade Agreement (CPFTA), with values ascending from USD 24.64mn in 2006 to USD 227.43mn in 2023. This expansion can be attributed in part to Chinese firms operating in Pakistan. Moreover, Thai enterprises possess the capacity to investigate collaborative partnerships within the seafood industry, specifically targeting the Halal food sector.

Pakistan is a significant provider of aquatic fauna and has a significant opportunity to leverage its comparative advantage in marine export and similar industries; the ASEAN countries appear to be equally intrigued by the prospect of establishing trade relations that are complementary in nature. Given the rationale, the study employed methodologies such as the X-Model, Export Product Dynamic (EPD), and Revealed Comparative Advantage (RCA) to identify opportunities for Pakistan to deepen its trade relations with ASEAN, which has a current trade value of USD 12 billion.

ACRONYMS

AfDB	African Development Bank
ASEAN	Association of Southeast Asian Nations
AMS	ASEAN Member States
BoP	Balance of Payments
CAGR	Compound Annual Growth Rate
CR	Coverage Ratio
ECI	Economic Complexity Index
EGI	Economic Globalization Index
EPD	Export Product Dynamic
FBR	Federal Board of Revenue
FDI	Foreign Direct Investment
FI	Frequency Index
FTA	Free Trade Agreement
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GII	Global Innovation Index
GSTP	Global System of Trade Preferences
GVC	Global Value Chain
HS	Harmonized System
IMF	International Monetary Fund
ITC	International Trade Centre
LPI	Logistics Performance Index
MPI	Market Potential Index
NTM	Non-tariff Measures
PDR	People's Democratic Republic
RCA	Revealed Comparative Advantage
RoO	Rules of Origin
TFA	Trade Facilitation Agreement
TNT	Transparency in Trade Initiative
UNCTAD	United Nations Conference on Trade and Development
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNSD	United Nations Statistics Division
USD	United States Dollar

INTRODUCTION

Pakistan's economy, categorized as a lower middle-income country in Central and Southern Asia, has been facing persistent imbalances in its external and fiscal accounts. Albeit the ongoing volatility in political stability, internal security, and the fragility of the economic foundations limit the country's attractiveness to potential investors and hinder the prospects for export expansion.

Table 1: Comparison of Economic Indicators – 2023						
Indicator	Pakistan	ASEAN+5				
		Indonesia	Malaysia	Philippines	Singapore	Thailand
GDP (current USD billion)	338.37	1,371.17	399.65	437.15	501.43	514.94
Population (million) - 2024	251.26	283.48	35.55	115.84	5.83	71.67
Exports (% of GDP)	10.39	21.75	68.42	26.65	174.3	65.45
Imports (% of GDP)	17.72	19.57	63.43	40.74	136.94	63.71
Inflation, Consumer Prices (Annual %)	30.77	3.67	2.49	5.98	4.82	1.23
Foreign Exchange Reserves in BoP (USD billion)	3.41	6.29	4.91	3.67	61.02	2.54
Labour Force Participation Rate (% of total labour force)	52.74	67.60	65.02	60.24	69.26	67.05
Income Level	Lower middle income	Upper middle income	Upper middle income	Lower middle income	High income	Upper middle income

*ASEAN+5 comprises the top five economies, namely Indonesia, Malaysia, the Philippines, Singapore, and Thailand, which have benefited substantially from their integration into the world.
Source: *World Development Indicators, World Bank Group*

This document drills down into some low-hanging fruits that are easily achievable for Pakistan to expand its export base into the ASEAN region, which is in its proximity. Based on the most recent trade and economic data, this report:

i. assesses the overall influence of pertinent policies on possible outcomes to ascertain whether Pakistan's economy has grown more competitive, which might explain the hope that Pakistan's manufacturing industry can compete with ASEAN's high-tech products,

ii. analyses the bigger picture from a strategic perspective, taking into account variables like market trends,

opportunities, and potential exports to ASEAN, which is facing tariffs and non-tariff barriers, and where gaining access to Pakistani exports will help reduce the trade deficit,

iii. determines potential avenues for economic growth through integration into the ASEAN bloc that promotes technical advancement, knowledge transfer, and increased productivity while also leveraging Global Value Chains (GVC) to enhance value creation and competitiveness, while considering the seafood as a sector.

UNDERSTANDING ASEAN

As the name suggests, the Association of Southeast Asian Nations (ASEAN) is a union of ten heterogeneous economies in Southeast Asia: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. The region is bordered by the Indian Ocean, the Bay of Bengal, India, and Bangladesh to the west, China to the north, Pacific Ocean and South China Sea to the east, and the Indian Ocean to the South.

GDP Growth Rate (%)

Country	2021	2022
United States	5.9	2.1
China	8.4	3
Japan	2.2	1
Germany	3.2	1.8
ASEAN	3.8	5.6
India	9.1	7.2
United Kingdom	7.6	4.1
France	6.4	2.5
Russia	5.6	-2.1
Canada	5	3.4

Source: Alamy

ASEAN is one of the largest economic zones in the world, the fifth largest in the world, and the third largest in Asia. The top five economies represent more than 50% of the world economy, with ASEAN collectively contributing 3.6% to the global GDP.

GDP (USD trillion)

Country	2021	2022
United States	23.32	25.46
China	17.76	17.89
Japan	5.01	4.24
Germany	4.28	4.09
ASEAN	3.38	3.62
India	3.15	3.39
United Kingdom	3.12	3.08
France	2.96	2.78
Russia	1.84	2.24
Canada	2	2.14
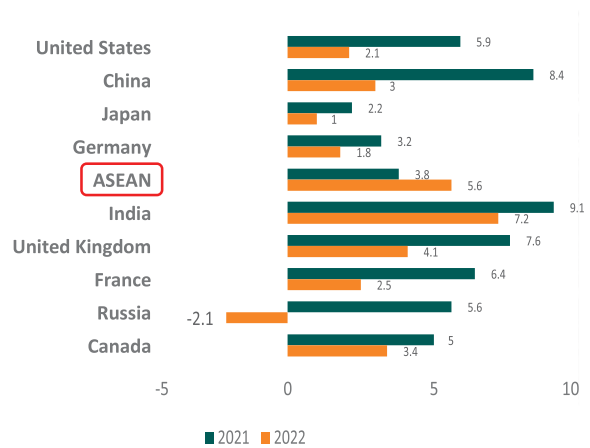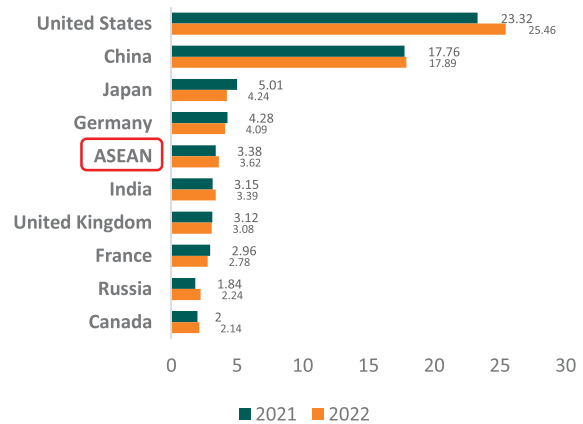
Source: ASEANstats database; ASEAN Secretariat

Unequivocally, due to competition, diversity, and globalization, the nations' strong manufacturing base has uplifted their innovative capacity to enter the competitive world. ASEAN is one of the world's largest

trading blocs because of its abundant natural resources and strategic geographical regions that allow countries to source, manufacture, and ship products to the world efficiently. The region is known for its diversity and massive potential to grow.

GDP per capita in Southeast Asia, 2024*

All values in USD

Country	Value
Singapore	88,447
Brunei Darussalam	35,112
Malaysia	13,315
Thailand	7,841
Indonesia	5,271
Vietnam	4,626
Philippines	4,130
Cambodia	2,630
Lao PDR	1,981
Myanmar	1,250

*IMF forecast for 2024

Source: World Economic Outlook IMF

After the emerging frontier market, Myanmar joined the regional bloc in 1999, and ASEAN achieved full membership—the GDP was as low as USD 471 billion. Since then, the ten AMS bloc has grown substantially, reaching a GDP of USD 3.6 trillion, more than seven times the level observed at its inception. As demonstrated by its per capita GDP, Singapore dominates the region, which is more than 40 times higher than those of Cambodia, Lao PDR, and Myanmar, even higher than the numbers of developed countries like the United States and Canada. As evident from the comparative analysis of the economic indicators, it is the largest and strongest economy due to its advanced infrastructure and strategic location. Indonesia, Pakistan's FTA partner, a member of the G20, and the largest economy in the region by GDP, represents 40% of the ASEAN's total output. Besides the countries being integrated, Pakistan can neither rely on a one-size-fits-all approach nor pursue a policy of autarky when it comes to cross-border reliance on regional trade. Instead, it needs to adopt a nuanced approach and tailor its strategies to the specific contexts of different countries.

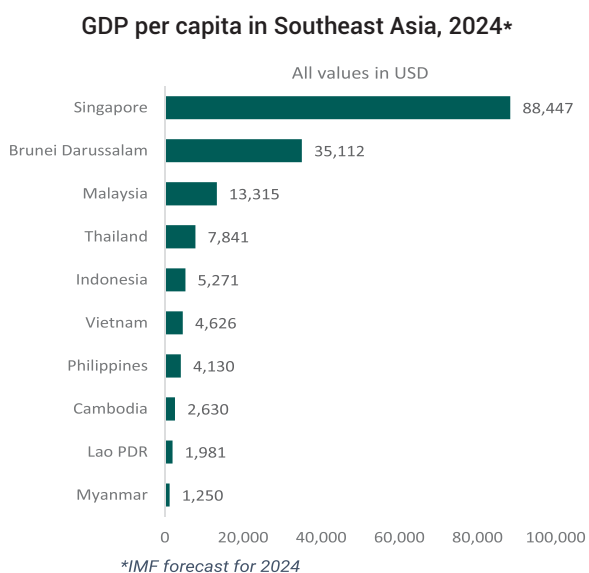| Table 2: Selected Basic Indicators of ASEAN Member States							
Country	Total Country area	Population		Gross domestic product at current prices	Gross domestic product growth rate at constant prices	Gross domestic product per capita at current prices	Foreign direct investments inflow
		total	growth rate				
	km²	thousand	percent	US$ million	percent	US$	US$ million
Brunei Darussalam	5,765	445.4	3.6	16,678	-1.6	37,445.9	-284
Cambodia	181,040	16,843.3	1.5	29,611	4.8	1,758.0	3,579
Indonesia	1,916,907	275,719.9	1.3	1,317,259	5.3	4,777.5	22,116
Lao PDR	236,800	7,442.8	1.4	15,049	4.4	2,022.0	636
Malaysia	330,411	32,698.1	0.4	407,027	8.7	12,448.0	17,096
Myanmar	676,590	55,770.2	0.9	60,967	2.8	1,093.2	2,981
Philippines	300,000	111,572.3	1.2	404,284	7.6	3,623.5	9,366
Singapore	728	5,637.0	3.4	466,710	3.6	82,793.6	141,187
Thailand	513,120	66,090.0	1.3	495,302	2.6	7,494.4	11,218
Vietnam	331,340	99,461.7	1.0	408,695	8.0	4,109.1	17,900
ASEAN	4,492,701	671,681	1.2	3,621,583	5.6	5,391.8	225,794

Source: ASEANstats database; ASEAN Secretariat

PAKISTAN'S STANDING IN THE GLOBAL VALUE CHAIN (GVC)

Over the last ten years, Pakistan, a South Asian nation with a GDP of USD 338.37 billion in 2023, has remained trapped USD 20 billion to USD 25 billion worth of exports. Despite its minor export contribution, Pakistan's market share ranges from 0.12% to 0.13%, with the United States being the most significant market. Pakistan's approach to economic growth is in contradiction to that of its counterparts in the region and is not competitive in involvement in GVCs. Participating in GVCs may accelerate economic progress by facilitating access to global markets, enhancing knowledge transfer, and generating employment. However, most of the nation's exports comprise low-tech manufactured commodities and agricultural products, especially raw cotton and rice. Pakistan is compelled, as a result, to engage in low productive and less knowledge-based activities exclusively.

According to the Atlas of Economic Complexity Index (ECI), calculated by economist Ricardo Hausmann and physicist César A. Hidalgo and presented by Harvard's Centre for International Development, Pakistan is the 94th most complex economy in the world.[1] They contend that the country's total available endowment of capabilities, the relationships among them, and the complexity that emerges from those relationships are what drive economic development.

Economic Complexity Index overtime for ASEAN and Pakistan
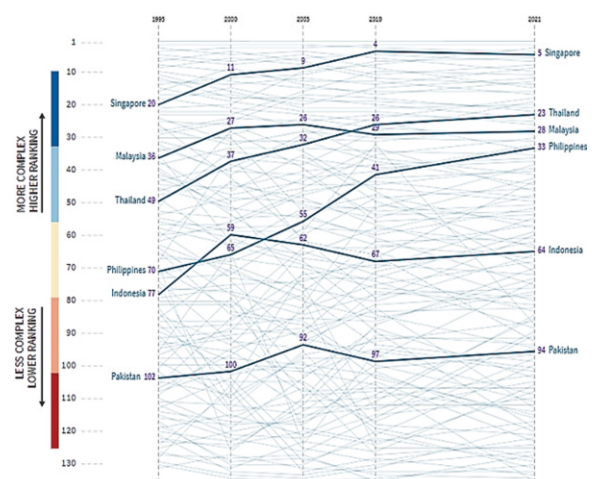
Source: Atlas of Economic Complexity

Pakistan is behind the ASEAN members in the ECI. This can be attributed to Pakistan's little diversification in the last two decades. As evident from the figure below, the composition has not changed much due to Pakistan's strong reliance on a limited range of products owing to a lack of complexity and diversity. Harvard's Growth Lab analysis

Prospects for market diversification for a product exported by Pakistan in 2023
Product : TOTAL All products
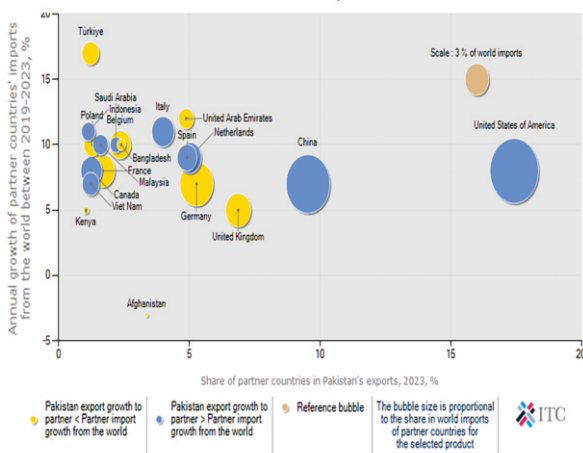
Source: *ITC Trade Map*

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[1] The ECI is defined in terms of an eigenvector of a matrix connecting countries to countries, which is a projection of the matrix connecting countries to the products they export. Countries improve their ECI by increasing the number and complexity of the products they successfully export.

reveals that since 2005, Pakistan has introduced 21 products, increasing just USD 2 in income per capita. Although it has the fifth-complexed economy in the world, Singapore is a resource-poor country. The country experienced substantial growth due to its ability to construct productive structures.

Pakistan can utilize its strategic geographical location to its advantage by implementing different policy measures, securing favorable preferential treatments such as the EU GSP Plus, and deepening its involvement in high-value activities to outcompete its regional players in the global value chain.

Given that the country's economy has been semi-industrialized and agriculture is a key contributor to GDP, it has the potential to join a quid pro quo scenario in the GVCs to diversify its production and introduce more complex products by utilizing its existing productive expertise. With growth centers around the Indus River, a substantial investment beyond the textile sector, such as agriculture or

aquaculture, can create more complex products to tap into new, fast-paced, highly productive, knowledge-based markets. The country's Market Potential Index (MPI) significantly improved, from 70th in 2019 to 60th in 2022. The MPI is an analysis tool developed by MSU-CIBER to compare prospective markets and identify potential markets for export expansion.

This is evident from the fact that Pakistan had performed exceptionally well in the Economist's normalcy index, surpassing even developed countries after the pandemic. Moreover, the Global Competitiveness Index is a 12-pillared framework that integrates the following factors to describe competitiveness: institutions, infrastructure, adoption of information and communication technology, health, skills, product and labor markets, financial system, market size, company dynamism, and innovation capability. Pakistan was ranked 110th in the global competitiveness index, which

Composition of Pakistan's Export Basket in 2005 and 2020
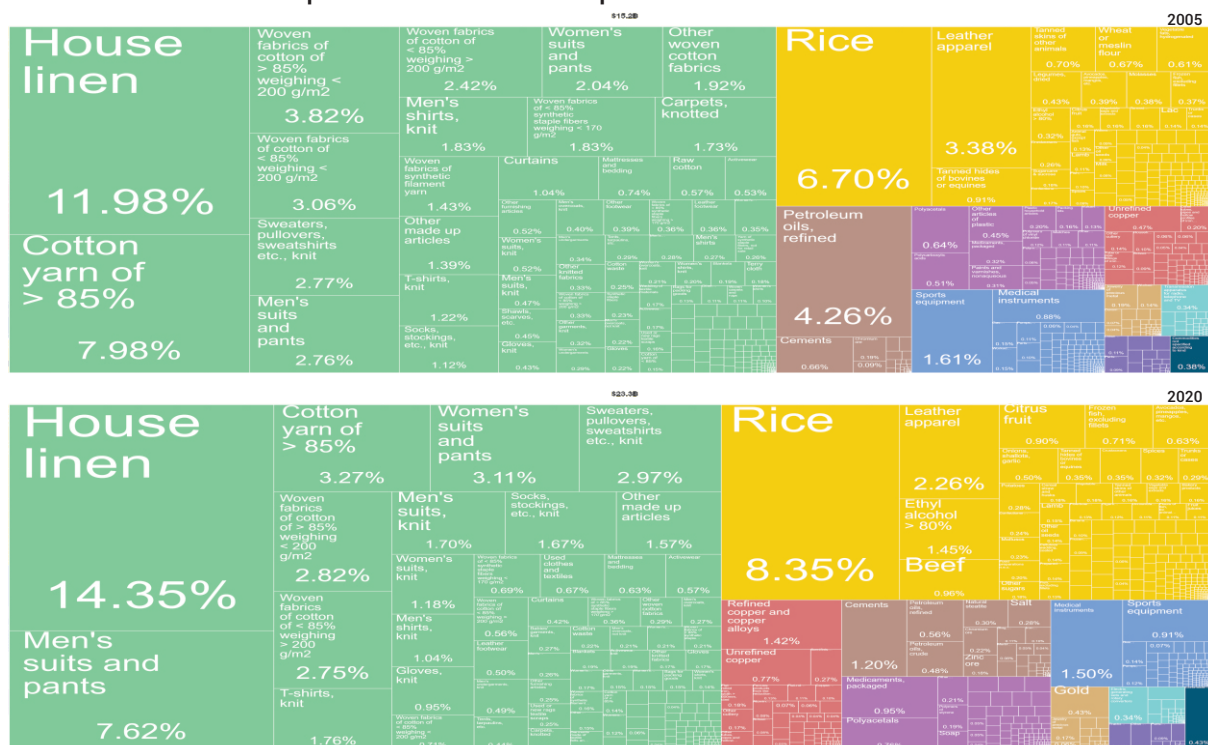
Source: Atlas of Economic Complexity

measures a nation's capacity to offer its citizens high levels of prosperity.

Pakistan "over-performed" on innovation for the second year and ranked among the fastest-growing economies in the 2023 Global Innovation Index. In the last four years and since the pandemic, Pakistan, Mauritius, Indonesia, Saudi Arabia, and Brazil have risen the most in the Global Innovation Index. Pakistan ranked 97th in the fourth pillar, below the lower-middle-income group average. The country was declared an efficient performer in terms of input-output score.

As per the World Economic Forum (WEF)'s Global Risk Report 2024, the top 5 risks to Pakistan's economy are (i) economic downturn, (ii) energy supply shortages, (iii) extreme weather events (agriculture) (iv), inflation, and (v) misinformation and disinformation.

The risks trigger the country's investment scenario. That is to say, among emerging markets, Pakistan ranks 23rd in Kearney's FDI Confidence Index (2023). Pakistan registered the greatest deterioration of any country in the region—its score fell by 0.88 to 3.25, resulting in a fall of 11 places in the global ranking table to 118th. The region's deterioration is observed across all five index categories in 2023, with the largest declines being registered for the electoral process, pluralism, and functioning of government.

Table 3: Comparison of Global Economic Indexes						
Index	**Pakistan**	**ASEAN+5**				
		Indonesia	Malaysia	Philippines	Singapore	Thailand
Market Potential Index (MPI) Rank; Country Risk - 2022	60; 15	36; 66	40; 69	52; 57	2; 94	50; 63
Global Innovation Index (GII) Rank - 2023	88	61	36	56	5	43
Global Competitiveness Index (GCI) - 2019	110	50	27	64	1	40
Logistics Performance Index (LPI) - 2023	122	61	26	43	1	34
Ease of Doing Business Indicator Rank - 2020	108	73	12	95	2	21
Trade Facilitation Agreement (TFA) Average Performance 2022	1.35	1.41	1.55	1.36	1.84	1.51
Economic Globalization Index (EGI) Rank - 2020	179	135	37	110	1	59
Economic Complexity - Rank (latest available)	94	64	28	33	5	23
Kearney FDI Confidence Index Rank -2024	23 (2023)	12	10	13	12	9
Stock Market Capitalization (% of GDP)	7.5	46.3	93.7	59	124.3	121.9
Economic Freedom Index Rank - 2023	152	60	42	89	1	80

Source: World Bank, IMF, WIPO, UNCTAD; The Global Innovation Index 2023; The Global Competitiveness Report 2019 – World Economic Forum; LPI Global Rankings 2023, World Bank; Market Potential Index -2022, a study by MSU-CIBER; OEC

TRADE DYNAMICS BETWEEN PAKISTAN AND ASEAN

Trade Flow Analysis

Bilateral trade between Pakistan and ASEAN has been favorable for Pakistan for at least the last five years, as shown by the negative trade balance. In addition, Pakistan's trade with ASEAN declined by 22% in 2023.

The table below details Pakistan's exports to the ASEAN countries from 2019 to 2023. The exports to the countries increased by a CAGR of 9.6%. In 2023, Pakistan's exports to the ASEAN market accounted for 5.7% of Pakistan's total exports made to the world, where Pakistan had the highest market share in Malaysia and Thailand.

Trade Trends between Pakistan and ASEAN
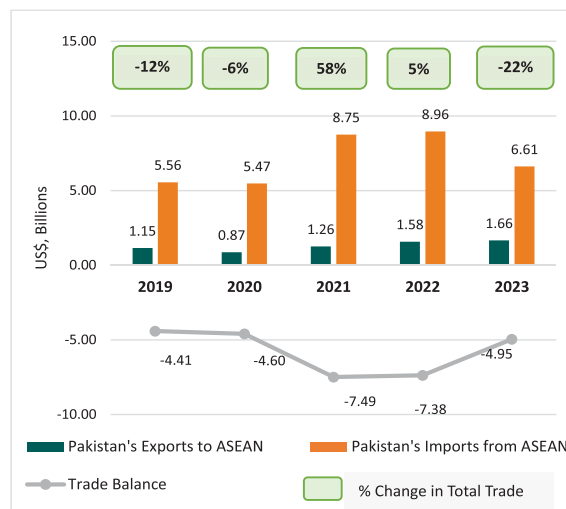
Source: IT C Trade Map

Table 4: Pakistan Exports to ASEAN Countries									
									All values in US$, Millions
Importers	2019	2020	2021	2022	2023	Growth (%) 2022-23	CAGR (%) 2019-23	Increase / Decrease in CAGR	% Share in Pakistan's Exports 2023
World	23,818.82	22,245.69	28,880.01	31,175.93	28,950.09	-7.1%	5.0%	↗	
Association of South-East Asian Nations (ASEAN) Aggregation	1,148.54	868.24	1,260.32	1,588.19	1,656.82	4.3%	9.6%	↗	5.7%
Malaysia	232.78	233.07	383.98	379.59	465.23	22.6%	18.9%	↗	1.6%
Thailand	255.37	141.59	252.05	302.65	357.26	18.0%	8.8%	↗	1.2%
Vietnam	209.07	136.72	194.76	155.66	330.49	112.3%	12.1%	↗	1.1%
Indonesia	46.65	137.25	170.73	171.03	196.67	15.0%	7.6%	↗	0.7%
Philippines	115.31	119.61	142.77	384.35	180.59	-53.0%	11.9%	↗	0.6%
Singapore	136.16	62.28	75.08	129.59	84.01	-35.2%	-11.4%	↘	0.3%
Cambodia	36.33	22.83	26.59	46.22	31.66	-31.5%	-3.4%	↘	0.1%
Myanmar	14.69	13.23	12.73	18.31	9.46	-48.4%	-10.4%	↘	0.0%
Brunei Darussalam	1.10	1.14	1.14	0.41	0.95	134.8%	-3.5%	↘	0.0%
Lao People's Democratic Republic	1.09	0.53	0.50	0.39	0.50	27.4%	-17.8%	↘	0.0%

Source: ITC Trade Map

MAPPING OUT TRADE POTENTIAL BETWEEN PAKISTAN AND ASEAN

The Seafood Sector in Pakistan: A World of Opportunities

Pakistan, a significant provider of aquatic fauna, has a substantial opportunity to leverage its comparative advantage in marine export and similar industries. The ASEAN countries, equally intrigued by the prospect of establishing trade relations, present a significant opportunity for Pakistan to strengthen its trade ties. Pakistan is keen to foster these ties, as outlined in its 'Vision East Asia Policy.' This was reiterated during the second round of discussions with the ASEAN Committee in Islamabad (ACI).[2] Pakistan's maritime minister also pointed out in his speech that the duty on fisheries' seeds and plants has been zero in the 2024-25 budget.

The aquaculture industry in Pakistan is one of the fastest-growing sectors, with its quantities reaching 159,000 tons in 2018, more than 13 times the level observed in 2000. Indonesia and Vietnam are the top producers of aquaculture globally. Pakistan can leverage this to attract investment, exchange expertise, and promote private sector growth. This not only improves export figures and creates more jobs but also encourages the growth of the private sector in the seafood industry.

Pakistan and China are also renewing their interest in the seafood trade, specifically in building fish meal factories, vessel tracking systems, and traceability to avoid illegal and unreported seafood.

Fisheries is a subsector of agriculture, with a share of 2.01% in value-added agriculture and a modest share of 0.31% in the GDP. Despite its minimal contribution to overall growth, its impact is substantial due to export earnings. It is also a reliable source of income for the people dwelling along the coastal belts of Sindh and Baluchistan.

During 2023, Pakistan's seafood exports soared, reaching approximately 218,000 tons, worth more than USD 467 million. This marked a remarkable 102% increase from the USD 231 million observed during 2010.

Pakistan exported large amounts of seafood products to Thailand, China, Malaysia, and Indonesia, followed by Kuwait, Japan, and Saudi Arabia.

Pakistan's Exports of Seafood Items during 2019-23

Source: *ITC, Trade Map*

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[2] https://www.thenews.com.pk/print/1187005-issi-holds-second-round-of-dialogue-with-asean-committee-in-islamabad
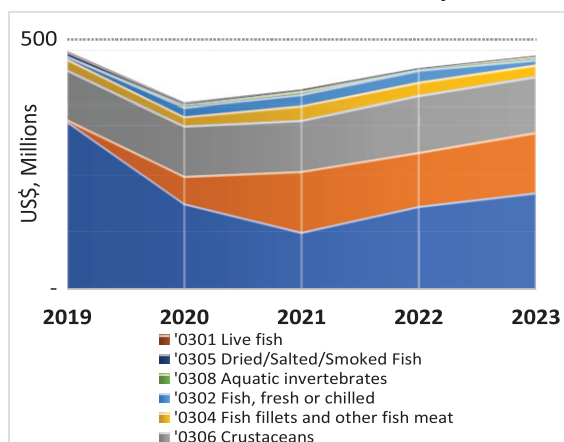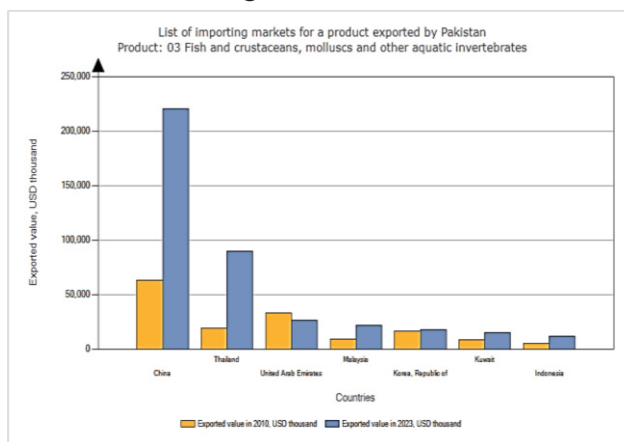
Some of the ASEAN members, such as Indonesia, Thailand, and Vietnam, who buy aquatic animals from Pakistan, are also among the top countries that sell to it, displaying indications of sector-wise complementarity.

Table 5: Top Importers and Exporters			
Top Importers		Top Exporters	
All values in USD Thousands		*All values in USD Thousands*	
Destinations	Average (2019-23)	Supplying Markets	Average (2019-23)
China	168,208	Vietnam	87,605
Thailand	104,925	Norway	52,623
United Arab Emirates	30,591	China	15,311
Malaysia	18,572	Thailand	9,390
Korea, Republic of	13,898	Sri Lanka	6,954
Kuwait	11,717	Indonesia	5,868
Indonesia	8,507	United Arab Emirates	4,293
Japan	13,614	Islamic Republic of Iran	6,808
Vietnam	17,172	European Union Nes	8,588
Saudi Arabia	9,124	Australia	4,563

Source: ITC, Trade Map

Pakistan is a signatory to the Global System of Trade Preferences (GSTP), which was signed in 1988 and aims to enhance South-South trade mainly by providing favorable tariff and other barriers treatment.

The agreement was signed by 42 member states, including Indonesia, Malaysia, Myanmar, Pakistan, the Philippines, Singapore, Thailand, and Vietnam. The significant average numbers reveal that trade in the sector is growing, but persistent obstacles underscore the need to reinvigorate the preference system to boost growth.

Despite a substantial increase of USD 20 billion during 2012-22, trade among South-South developing countries is subject to several problems, such as global warming, overfishing, and non-tariff measures plaguing 93% of imports of aquatic animals.[3]

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[3] https://unctad.org/news/booming-south-south-trade-fisheries-and-aquaculture-offers-sea-opportunities

Trade Barriers for Aquatic Creatures

SPS hits fish foods while the TBTs affect vessels

	Fish, crustaceans, molluscs	Fats and oils of fish	Prepared or preserved fish; caviar and caviar subs	Prepared or preserved crustaceans , molluscs and other aquatic invertebrates	Fishing vessels
■ Other	0.89%	0.90%	0.90%	0.93%	3.44%
■ Export	22.37%	19.69%	19.91%	20.78%	18.02%
■ Price control	3.99%	4.85%	4.75%	4.77%	13.02%
■ Quantity control	9.04%	9.74%	9.29%	9.30%	26.35%
■ Pre-shipment	3.50%	3.77%	3.58%	3.65%	4.69%
■ Technical barriers to trade (TBT)	12.53%	14.76%	14.90%	13.65%	32.08%
■ Sanitary and phytosanitary measures (SPS)	47.68%	46.30%	46.66%	46.92%	2.40%

Source: UNCTAD

The seafood industry in Pakistan has the potential to surpass USD 4 billion; however, it is worth noting that the potential to export to the ASEAN countries is USD 300 million. India is currently exporting USD 804 million worth of fish and crustaceans to the member states, which is twice Pakistan's indicative trade potential.

Source: ITC, Trade Map

Countries like India and Sri Lanka faced challenges similar to those experienced by Pakistan. Due to the shortage of trawlers for onboarding trawling processes, a large number of seafood is usually destroyed and become unsustainable before it is harvested. Another major obstacle was the United States' objection to the lack of turtle extrusion devices. India faced a similar restriction, yet it successfully navigated these bans.

Table 6: Fishing Gear: Types and Usage in the Pakistan's Seafood Sector				
Gear Type	Sindh	Baluchistan	Total	
Industrial trawlers	3,612	-	3,612	12%
Gillnetters	3,458	2,103	5,561	19%
Handlines	7,395	74	7,469	26%
Encircling nets	5,268	7,197	12,465	43%
Total	19,733 (88%)	9,374 (42%)	29,107 (100%)	

Source: *Revitalizing Pakistan's Fisheries (The World Bank Group)*

The trade potential within the top 25 high-potential products in the seafood sector exported by Pakistan to ASEAN at the HS-06-digit level is USD 294.6 million. However, Pakistan exported USD 126.9 million of those commodities to ASEAN in 2023. Pakistan is already exporting a good number of Frozen Cuttlefish (HS-030743) with a pote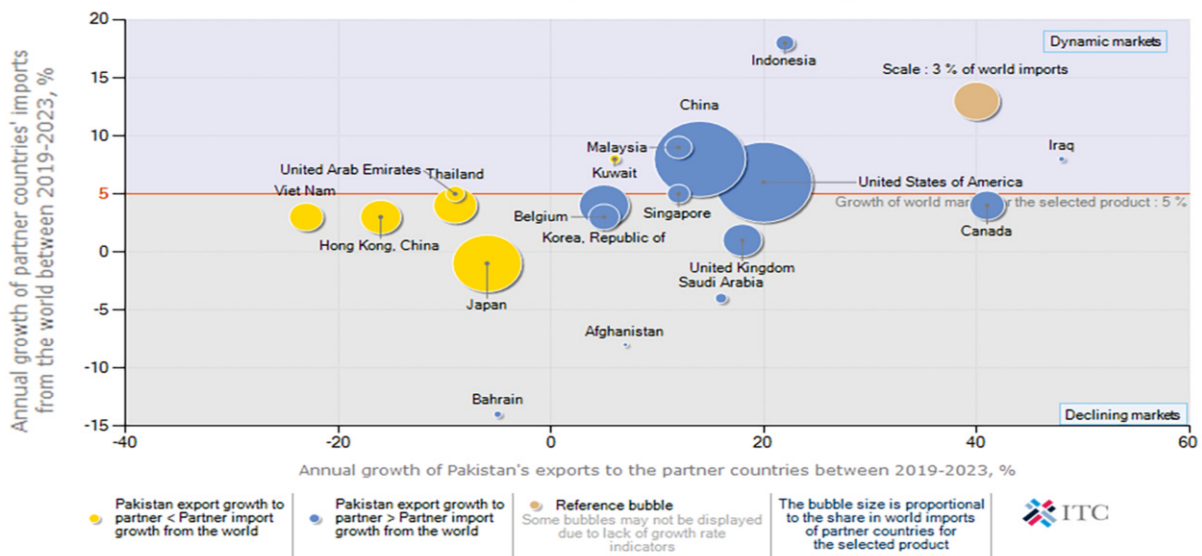ntial of USD 47.9 million, but a very meagre export is being made of Frozen Fish (HS-030389) and Frozen Shrimp (HS-030617).

Table 7: Indicative Trade Potential for Pakistan to Export Seafood to the ASEAN Countries – 2023					
Product code	Product label	Pakistan's exports to ASEAN	ASEAN imports from the world	Pakistan's exports to the world	Indicative Trade Potential
'030389	Frozen fish, n.e.s.	8.29	406.50	65.29	57.00
'030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in…	12.92	725.96	63.26	50.34
'030743	Cuttle fish and squid, frozen, with or without shell	37.87	1,000.32	85.81	47.94
'030614	Frozen crabs, even smoked, whether in shell or not, incl. crabs in shell, cooked by steaming …	7.59	176.42	40.70	33.11
'030339	Frozen flat fish "Pleuronectidae, Bothidae, Cynoglossidae, Soleidae, Scophthalmidae and Citharidae" …	1.33	21.39	26.72	20.07
'030752	Octopus "Octopus spp.", frozen	2.90	39.44	15.09	12.18
'030499	Frozen fish meat n.e.s. (excl. fillets)	9.14	286.05	20.71	11.56
'030353	Frozen sardines "Sardina pilchardus, Sardinops spp.", sardinella "Sardinella spp.", brisling …	10.25	117.69	20.49	10.24

Product code	Product label	Pakistan's exports to ASEAN	ASEAN imports from the world	Pakistan's exports to the world	Indicative Trade Potential
'030349	Frozen tunas of the genus "Thunnus" (excl. Thunnus alalunga, Thunnus albacares, Thunnus obesus, ...	3.25	18.21	11.57	8.33
'030359	Frozen anchovies "Engraulis spp.", Indian mackerels "Rastrelliger spp.", seerfishes "Scomberomorus ...	3.19	444.00	10.94	7.76
'030732	Mussels "Mytilus spp., Perna spp.", frozen, even in shell	1.43	31.49	7.47	6.04
'030633	Crabs, whether in shell or not, live, fresh or chilled	0.05	110.36	5.49	5.44
'030830	Live, fresh, chilled, frozen, dried, salted or in brine, even smoked, jellyfish "Rhopilema ...	-	7.40	5.15	5.15
'030289	Fresh or chilled fish, n.e.s.	0.03	310.91	4.01	3.98
'030249	Fresh or chilled Indian mackerels "Rastrelliger spp.", seerfishes "Scomberomorus spp.", jacks, ...	0.02	31.53	2.26	2.24
'030219	Fresh or chilled salmonidae (excl. trout "Salmo trutta, Oncorhynchus mykiss, Oncorhynchus clarki, ...	0.01	21.98	2.13	2.12
'030612	Frozen lobsters "Homarus spp.", even smoked, whether in shell or not, incl. lobsters in shell, ...	0.07	21.05	2.04	1.97
'030326	Frozen eels "Anguilla spp."	-	1.92	3.47	1.92
'030369	Frozen fish of the families Bregmacerotidae, Euclichthyidae, Gadidae, Macrouridae, Melanonidae, ...	0.25	4.01	2.06	1.81
'030354	Frozen mackerel "Scomber scombrus, Scomber australasicus, Scomber japonicus"	25.79	519.98	26.87	1.07
'030319	Frozen salmonidae (excl. trout and Pacific, Atlantic and Danube salmon)	0.54	7.42	1.52	0.98
'030333	Frozen sole "Solea spp."	0.01	0.91	9.75	0.90
'030772	Frozen, even in shell, clams, cockles and ark shells "families Arcidae, Arcticidae, Cardiidae, ...	1.50	27.49	2.38	0.88
'030439	Fresh or chilled fillets of carp "Cyprinus spp., Carassius spp., Ctenopharyngodon idellus, ...	0.55	8.18	1.36	0.81
'030799	Molluscs, even in shell, smoked, dried, salted or in brine (excl. oysters, scallops of the ...	-	0.74	1.53	0.74

Source: ITC, Trade Map

Average Tariff Faced by Pakistan – 2023

	% ad valorem
Lao People's...	10
Myanmar	9.3
Cambodia	17.2
Philippines	8.3
Brunei Darussalam	0
Singapore	0
Viet Nam	11.3
Indonesia	5.6
Malaysia	0
Thailand	4.9
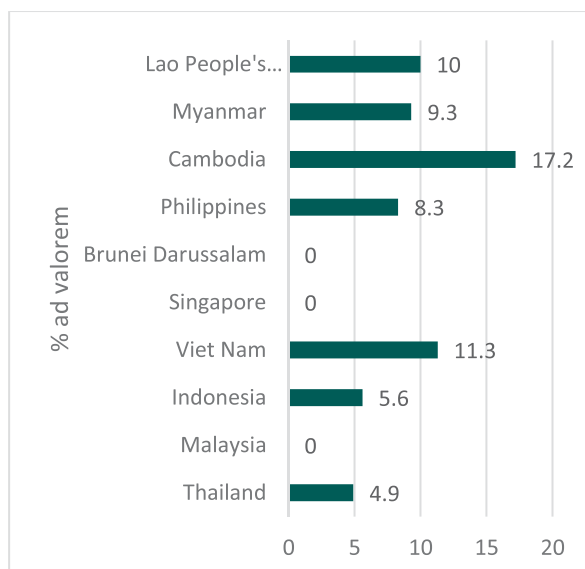
Source: ITC, Trade Map

Despite facing large tariffs from destination countries, Pakistan also faces duties on importing machinery and equipment used for seafood farming. The most important equipment used for aquaculture operations is fish tanks, despite the high duties of 36%.[4]

Table 8: Duties Faced by Importers of Seafood Farming Equipment					
					All values in USD Thousands
Product Code	Product Label	Imported Value in 2022	Unit Price	Quantity Imported	Duties Faced by Importers (%)
39269099	Fiberglass/fish tank	41,537	1.36	30,469,062	Custom Duty: 20% Sales Tax: 18% Regulatory Tax: 10% Additional Custom Duty: 6%
84142000	Hand/operated air pumps	646	31	20,838	Custom Duty: 3% Sales Tax: 18% Additional Custom Duty: 2%
84148090	Gas Compressors	29,226	2,388	12,237	Custom Duty: 16% Sales Tax: 18% Additional Custom Duty: 4%
85021110	Generator Sets	543	239	2,268	Custom Duty: 3% Sales Tax: 18% Regulatory Tax: 10% Additional Custom Duty: 2%

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[4] Duties are calculated using the FBR duty calculator.

					All values in USD Thousands
Product Code	Product Label	Imported Value in 2022	Unit Price	Quantity Imported	Duties Faced by Importers (%)
85021200	Condenser	8,402	17,396	469	Custom Duty: 16% Sales Tax: 18% Additional Custom Duty: 4%
84189990	Flat freezer	10,665	30	351,421	Custom Duty: 20% Sales Tax: 18% Regulatory Tax: 5% Additional Custom Duty: 6%
84183000 84184000 70199090 84186990	Boast freezer Fiberglass tubs Insulated plants Flake ice plants	0 0 0 16,862	0 0 0 2,337	0 0 0 7,214	Custom Duty: 20% Sales Tax: 18% Regulatory Tax: 5% Additional Custom Duty: 6%
84148090	Water generators	29,226	2,388	12,237	Custom Duty: 16% Sales Tax: 18% Additional Custom Duty: 4%
84388020	Feed pellet machine	174	19,333	9	Custom Duty: 0% Sales Tax: 18% Additional Custom Duty: 2%

Source: *FBR Duty Calculator*

Given this rationale, the study determined Pakistan's seafood sector's export potential in the ASEAN market by employing methodologies such as the Revealed Comparative Advantage (RCA), Export Product Dynamic (EPD), and X-Model methods adapted from Luhur et al. (2019).[5]

The Revealed Comparative Advantage index computes a country's advantage (disadvantage) over others in a specific product group.

$$RCA_{ik} = \frac{X_{ik}/X_{wk}}{X_i/X_w}$$

Where X represents the value of exports, and i, k, and w indicate the type of product/sector, country, and the world, respectively. A country has strong competitiveness if the value of the RCA index exceeds 1. Otherwise, a country will have weak competitiveness if the RCA index's value is less than 1.

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[5] Luhur, E. S., Mulatsih, S., & Puspitawati, E. (2019). Competitiveness Analysis of Indonesian Fishery Products in ASEAN and Canadian Markets. Signifikan: Jurnal Ilmu Ekonomi, 8(1), 105-120.

Table 9: RCA Estimation of the Pakistani Seafood Export to ASEAN							
Product Code	Product Label	Brunei Darussalam	Indonesia	Malaysia	Singapore	Thailand	Vietnam
0301	Live Fish	0	0	0	20.25	68.75	0
0302	Fish, Fresh or Chilled	0	0	0.41	0	1.21	0
0303	Frozen Fish	45.64	29.68	22.92	15.73	25.44	2.46
0304	Fillets and Fish Meat	0	1.98	1.83	20.52	47.17	5.37
0305	Dried/Salted/ Smoked Fish	0	0	0.24	0	50.51	0.12
0306	Crustaceans	1.80	0.53	22.09	9.36	83.82	0.44
0307	Molluscs	0	8.29	3.24	0.10	91.01	18.83
0308	Aquatic Invertebrates	0	0	0	0	0	0

Source: Author's calculation based on the data from the ITC Trade Map

This study also used the Export Product Dynamic (EPD) matrix to analyse Pakistan's seafood products' competitive advantages. This model was initially developed by (Nabi & Luthria, 2002) and was later used by various scholars. An EPD matrix comprised data on market appeal and business strength. The interplay between market appeal and business strength has led to a product's positioning that warrants analysis across four distinct categories.

The EPD indicators help determine a country's export products market position for a specific market destination. As shown in the figure below, the EPD matrix competitiveness position consists of four quadrants 'Lost

Opportunity,' 'Rising Star,' 'Retreat,', and 'Falling Star.'

Export Product Dynamic (EPD) Matrix
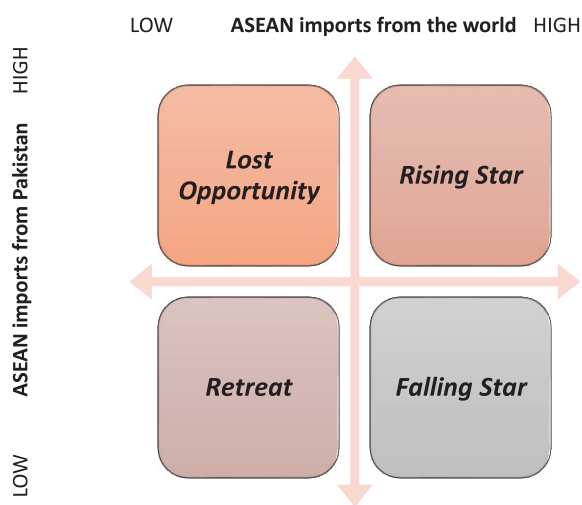
Source: (Esterhuizen, 2006)

Table 10: Export Product Dynamics (EPD) Position Matrix Competitiveness		
Share of Country's Export in World Trade	Share of Product in World Trade	
	Rising (Dynamic)	Falling (Stagnant)
Rising (Competitiveness)	Rising Star	Falling Star
Falling (non-competitiveness)	Lost Opportunity	Retreat

Source: *Estherhuizen, 2006; Wiranthi, et al., 2017*

The mathematical expression of the model is as follows:

X axis: the growth of export market appeal

$$X = \frac{\sum_{t=1}^{t} \left(\frac{Xij}{Xiw}\right)_t \times 100\% - \sum_{t=1}^{t} \left(\frac{Xij}{Xiw}\right)_{t-1} \times 100\%}{T}$$

Y axis: the growth of product market appeal

$$Y == \frac{\sum_{t=1}^{t} \left(\frac{Xj}{Xw}\right)_t \times 100\% - \sum_{t=1}^{t} \left(\frac{Xj}{Xw}\right)_{t-1} \times 100\%}{T}$$

Where;
Xij = value of Pakistani seafood product in export destination country
Xt = value of Pakistani total export in export destination country
Wij = value of world seafood product export in export destination country
Wt = value of world total export in export destination country
t = year -t
T = number of years

The table below shows the market position of Pakistani seafood exports in ASEAN. The EPD estimation results depict that Pakistani seafood products, mainly 'Live Fish' (HS-0301), 'Molluscs' (HS-0307), and 'Aquatic Invertebrates' (HS-0308) in Malaysia and Vietnam were falling in the 'Rising Star' position, which showed that Pakistan was able to meet the growing demand in these countries. Similarly, trade for 'Fresh & Chilled Fish' (HS-0302), 'Dried/Salted/Smoked Fish' (HS-0305), and 'Crustaceans' (HS-0306) is growing fast, and the market is segmented for such products in Malaysia.

Table 11: EPD Estimation of the Pakistani Seafood Export to ASEAN							
Product Code	Product Label	Brunei Darussalam	Indonesia	Malaysia	Singapore	Thailand	Vietnam
0301	Live Fish	Falling Star	Falling Star	Rising Star	Falling Star	Falling Star	Rising Star
0302	Fish, Fresh or Chilled	Falling Star	Retreat	Rising Star	Falling Star	Retreat	Lost Opportunity
0303	Frozen Fish	Retreat	Falling Star	Lost Opportunity	Falling Star	Retreat	Lost Opportunity
0304	Fillets and Fish Meat	Falling Star	Retreat	Lost Opportunity	Falling Star	Retreat	Lost Opportunity
0305	Dried/Salted/ Smoked Fish	Falling Star	Falling Star	Rising Star	Retreat	Falling Star	Lost Opportunity
0306	Crustaceans	Falling Star	Retreat	Rising Star	Falling Star	Retreat	Lost Opportunity
0307	Molluscs	Falling Star	Falling Star	Rising Star	Falling Star	Falling Star	Rising Star
0308	Aquatic Invertebrates	Falling Star	Falling Star	Rising Star	Falling Star	Falling Star	Rising Star

Source: Author's calculation based on the data from the ITC Trade Map

Key Considerations for Analysis

This study also employed the X-Model of Potential Export Product approach to determine Pakistan's seafood sector's development potential in the ASEAN market. To find out how much more room there is for growth in the export destination for Pakistan's seafood products, we further utilized the Revealed Comparative Advantage (RCA) and Export Product Dynamic (EPD).

X-Model of Potential Export Product
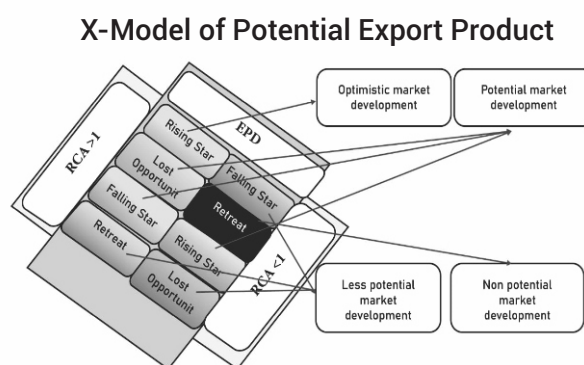
Source: *(Luhur et al., 2019)*

The following table shows Pakistani seafood products' market development status based on the RCAs and EPD calculated above. The X-model estimates show that Indonesia, Malaysia, Singapore, and Vietnam indicate a positive and potential market development status, mainly for 'Frozen Fish' (HS-0303), which means all four markets have a significant potential to develop Pakistani frozen seafood products.

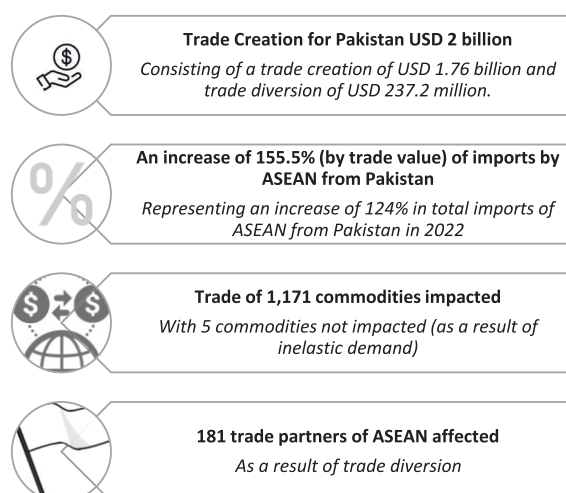| Table 12: The Market Development Strategy for Pakistani Seafood Products ASEAN markets during 2018-23				
	Optimistic Market	**Potential Market**	**Less Potential Market**	**Non-potential Market**
Brunei Darussalam	-	**HS-0306:** Crustaceans	**HS-0301:** Live Fish **HS-0302:** Fish, Fresh or Chilled **HS-0303:** Frozen Fish **HS-0304:** Fillets and Fish Meat **HS-0305:** Dried/Salted/Smoked **HS-0307:** Molluscs **HS-0308:** Aquatic Invertebrates	-
Indonesia	-	**HS-0303:** Frozen Fish **HS-0307:** Molluscs	**HS-0301:** Live Fish **HS-0304:** Fillets and Fish Meat **HS-0305:** Dried/Salted/Smoked **HS-0308:** Aquatic Invertebrates	**HS-0302:** Fish, Fresh or Chilled **HS-0306:** Crustaceans
Malaysia	**HS-0306:** Crustaceans **HS-0307:** Molluscs	**HS-0301:** Live Fish **HS-0302:** Fish, Fresh or Chilled **HS-0303:** Frozen Fish **HS-0304:** Fillets and Fish Meat **HS-0305:** Dried/Salted/Smoked **HS-0308:** Aquatic Invertebrates	-	-

	Optimistic Market	Potential Market	Less Potential Market	Non-potential Market
Singapore	-	**HS-0301:** Live Fish **HS-0303:** Frozen Fish **HS-0304:** Fillets and Fish Meat **HS-0306:** Crustaceans	**HS-0302:** Fish, Fresh or Chilled **HS-0307:** Molluscs **HS-0308:** Aquatic Invertebrates	**HS-0305:** Dried/Salted/Smoked
Thailand	-	**HS-0301:** Live Fish **HS-0305:** Dried/Salted/Smoked **HS-0307:** Molluscs	**HS-0302:** Fish, Fresh or Chilled **HS-0303:** Frozen Fish **HS-0304:** Fillets and Fish Meat **HS-0306:** Crustaceans **HS-0308:** Aquatic Invertebrates	-
Vietnam	**HS-0307:** Molluscs	**HS-0301:** Live Fish **HS-0303:** Frozen Fish **HS-0304**: Fillets and Fish Meat **HS-0308:** Aquatic Invertebrates	**HS-0302:** Fish, Fresh or Chilled **HS-0305:** Dried/Salted/Smoked **HS-0306:** Crustaceans	-

Source: Author's calculation based on the data from the ITC Trade Map

Optimizing Trade Effects: Maximizing Trade Creation Effect and Minimizing Trade Diversion Effect

This section portrays the ex-ante impact of an FTA. We conducted a tariff and trade simulation analysis to anticipate the potential gains from the Pakistan—ASEAN FTA for Pakistan. The methodology enables us to determine the impact of a proposed FTA on Pakistan's exports, where ASEAN reduced all tariffs for Pakistan to zero. Substitution and supply elasticities are fixed at 1.5 and 999, respectively. The price effect which depicts the additional import value from increased world price is also fixed at 0.

The application of the simulation study suggests that 1,176 Pakistani export items at the HS-06-digit level will experience trade creation and trade diversion effects after the signing of the FTA between

Pakistan and ASEAN. Before the reduction in

Trade Creation for Pakistan USD 2 billion
Consisting of a trade creation of USD 1.76 billion and trade diversion of USD 237.2 million.

An increase of 155.5% (by trade value) of imports by ASEAN from Pakistan
Representing an increase of 124% in total imports of ASEAN from Pakistan in 2022

Trade of 1,171 commodities impacted
With 5 commodities not impacted (as a result of inelastic demand)

181 trade partners of ASEAN affected
As a result of trade diversion

Source: UNESCAP

tariff to 0%, the export value of Pakistan's top 50 commodities, according to the change in export revenue, was USD 1,096 million in 2022. With the reduced tariff to 0% in 2022, Pakistan's prospective trade after applying duty concessions valued at USD 3,001 million in 2022 for the top 50 goods.

Product Code	Product Label	actual ASEAN imports from PAK	current tariff (old simple duty %)	simulated tariff (new duty rate)	simulated ASEAN imports from PAK	change in US$ value of ASEAN import from PAK in simulation	Change in % value of ASEAN imports from PAK in simulation compared to actual value
							All values in US Dollars
100630	Cereals rice semimilled or wholly milled whether or not polished or glazed	217,459,538	42.10	0	1,659,514,445	1,442,054,907	663.14
100590	Cereals maize corn other than seed	172,590,049	13.75	0	261,173,453	88,583,404	51.33
220710	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 vol or higher	69,505,812	40.11	0	173,126,204	103,620,392	149.08
300490	Medicaments consisting of mixed or unmixed products nec in heading no 3004 for therapeutic or prophylactic uses packaged for retail sale	60,776,667	1.62	0	68,048,541	7,271,874	11.96
030799	Molluscs nec in heading 0307 whether in shell or not other than live fresh or chilled includes flours meals and pellets of molluscs fit for human consumption	58,518,631	7.21	0	73,532,152	15,013,521	25.66
100640	Cereals rice broken	50,650,838	16.05	0	81,562,409	0,911,571	61.03
030389	Fish frozen nec in heading 0303 excluding fillets livers roes and other fish meat of heading 0304	47,906,127	2.58	0	52,165,352	4,259,225	8.89
080520	Fruit edible mandarins including tangerines and satsumas clementines wilkings and similar citrus hybrids fresh or dried	46,342,292	3.60	0	53,986,544	7,644,252	16.50
611420	Garments of cotton knitted or crocheted nec in chapter 61	23,963,801	0.00	0	23,969,001	5,200	0.02

Table 13: Pakistan's Prospective Exports to ASEAN of Top 25 Growth Items at HS-06 Digit Level – 2022

Product Code	Product Label	actual ASEAN imports from PAK	current tariff (old simple duty %)	simulated tariff (new duty rate)	simulated ASEAN imports from PAK	change in US$ value of ASEAN import from PAK in simulation	Change in % value of ASEAN imports from PAK in simulation compared to actual value
							All values in US Dollars
481159	Paper and paperboard coated impregnated or covered with plastics excluding adhesives other than bleached and weighing more than 150gm2 other than goods of heading no 4803 4809 or 4810	20,802,988	6.53	0	27,948,908	7,145,920	34.35
411310	Leather further prepared after tanning or crusting including parchmentdressed leather without hair on whether or not split other than leather of heading 4114 of goats and kids	17,721,479	7.50	0	22,715,023	4,993,544	28.18
410799	Leather further prepared after tanning or crusting incl parchmentdressed of bovine including buffalo or equine animals no hair excluding leather of heading 4114 and whole hides and skins and sides full grains unsplit and grain splits	17,527,011	9.29	0	24,804,009	7,276,998	41.52
030617	Crustaceans frozen shrimps and prawns excluding coldwater varieties in shell or not smoked cooked or not before or during smoking in shell cooked by steaming or by boiling in water	15,387,299	7.67	0	20,821,307	5,434,008	35.31
630900	Clothing worn and other worn articles	14,753,080	22.52	0	36,810,543	22,057,463	149.51
551599	Fabrics woven of synthetic staple fibres nec in chapter 55 mixed mainly or solely with fibres nec in heading no 5515	14,638,311	7.01	0	22,041,905	7,403,594	50.58

Product Code	Product Label	actual ASEAN imports from PAK	current tariff (old simple duty %)	simulated tariff (new duty rate)	simulated ASEAN imports from PAK	change in US$ value of ASEAN import from PAK in simulation	Change in % value of ASEAN imports from PAK in simulation compared to actual value
							All values in US Dollars
620342	Trousers bib and brace overalls breeches and shorts mens or boys of cotton not knitted or crocheted	14,589,742	12.60	0	33,252,322	18,662,580	127.92
520942	Fabrics woven containing 85 or more by weight of cotton of yarns of different colours weighing more than 200gm2 denim	13,983,294	10.69	0	18,435,259	4,451,965	31.84
610910	Tshirts singlets and other vests of cotton knitted or crocheted	13,350,093	13.14	0	26,019,725	12,669,632	94.90
030499	Fish meat excluding fillets whether or not minced frozen nec in item no 03049	12,525,907	5.32	0	16,433,493	3,907,586	31.20
240120	Tobacco partly or wholly stemmed or stripped	11,780,652	13.66	0	23,489,867	11,709,215	99.39
030353	Fish frozen sardines Sardina pilchardus Sardinops spp sardinella Sardinella spp brisling or sprats Sprattus sprattus excluding fillets livers roes and other fish meat of heading 0304	10,254,756	6.34	0	15,056,555	4,801,799	46.83
901890	Medical surgical or dental instruments and appliances nec in heading no 9018	9,704,774	1.01	0	10,181,844	477,070	4.92
620462	Trousers bib and brace overalls breeches and shorts womens or girls of cotton not knitted or crocheted	9,384,656	12.78	0	26,507,038	17,122,382	182.45
230649	Oilcake and other solid residues whether or not ground or in the form of pellets resulting from the extraction of rape seed oils other than low erucic acid rape or colza	9,142,603	0.28	0	9,321,949	179,346	1.96
630231	Bed linen of cotton not printed knitted or crocheted	8,587,428	0.91	0	8,709,366	121,938	1.42

Source: UNESCAP

FINDINGS AND RECOMMENDATIONS

The existing tariff framework indicates potential for reductions in tariffs on goods exchanged between the two nations. Pakistan has the option to request complete concessions or the most favorable tariffs for its leading potential seafood exports to the ASEAN market.

Pakistan has the opportunity to negotiate tariff access for its seafood products, aiming for parity with the tariffs that ASEAN imposes on similar imports from India, China, Japan, Australia, and New Zealand. After establishing a substantial presence in these categories, Pakistan can proceed to finalize negotiations for a free trade agreement.

The overall trade potential for the top 25 seafood products exported by Pakistan to the ASEAN market, as classified at the HS-06-digit level, amounts to USD 294.6 million. However, in 2023, Pakistan's exports of those commodities to the ASEAN amounted to USD 126.9 million. Ten out of the top 25 products fall under 'Frozen fish' (HS-0303). Pakistan has the capacity to export USD 110.1 million worth of these goods to ASEAN.

The table below presents a compilation of top 25 items imported by the ASEAN market from Pakistan. The elimination of tariffs on these items would yield advantages for Pakistan.

Table 14: List of Items which could be negotiated in the next round						
						All values in USD Millions
Product Code	Product Label	ASEAN imports from PAK	ASEAN imports from the world	Pakistan's Trade Potential	ASEAN: Average bound tariff	ASEAN: Average MFN tariff	ASEAN: Lowest average preferential tariff
100630	Cereals rice semimilled or wholly milled whether or not polished or glazed	217.46	2,253.29	1,475.38	39.97	42.10	-
270900	Oils petroleum oils and oils obtained from bituminous minerals crude	199.94	113,237.13	92.90	40.00	-	-
100590	Cereals maize corn other than seed	172.59	5,211.32	81.90	14.86	13.75	-
220710	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 vol or higher	69.51	342.06	272.55	55.09	40.11	-
300490	Medicaments consisting of mixed or unmixed products nec in heading no 3004 for therapeutic or prophylactic uses packaged for retail sale	60.78	8,722.90	82.58	13.21	1.62	-
030799	Molluscs nec in heading 0307 whether in shell or not other than live fresh or chilled includes flours meals and pellets of molluscs fit for human consumption	58.52	976.14	4.80	17.59	7.23	3.00

Product Code	Product Label	ASEAN imports from PAK	ASEAN imports from the world	Pakistan's Trade Potential	ASEAN: Average bound tariff	ASEAN: Average MFN tariff	ASEAN: Lowest average preferential tariff
							All values in USD Millions
100640	Cereals rice broken	50.65	293.78	243.13	129.86	16.05	-
030389	Fish frozen nec in heading 0303 excluding fillets livers roes and other fish meat of heading 0304	47.91	953.49	45.29	6.20	2.58	-
080520	Fruit edible mandarins including tangerines and satsumas clementines wilkings and similar citrus hybrids fresh or dried	46.34	572.80	66.74	45.27	15.87	-
611420	Garments of cotton knitted or crocheted nec in chapter 61	23.96	377.80	-20.12	20.00	0.01	9.00
481159	Paper and paperboard coated impregnated or covered with plastics excluding adhesives other than bleached and weighing more than 150gm2 other than goods of heading no 4803 4809 or 4810	20.80	948.93	39.99	33.72	6.53	-
411310	Leather further prepared after tanning or crusting including parchmentdressed leather without hair on whether or not split other than leather of heading 4114 of goats and kids	17.72	72.27	29.70	17.65	7.50	-
410799	Leather further prepared after tanning or crusting incl parchmentdressed of bovine including buffalo or equine animals no hair excluding leather of heading 4114 and whole hides and skins and sides full grains unsplit and grain splits	17.53	1,269.66	-17.45	11.17	9.29	-
070310	Vegetables alliaceous onions and shallots fresh or chilled	16.64	460.84	28.12	10.19	-	-
030617	Crustaceans frozen shrimps and prawns excluding coldwater varieties in shell or not smoked cooked or not before or during smoking in shell cooked by steaming or by boiling in water	15.39	894.72	62.54	15.02	10.78	-
630900	Clothing worn and other worn articles	14.75	247.90	233.15	24.56	22.52	-
551599	Fabrics woven of synthetic staple fibres nec in chapter 55 mixed mainly or solely with fibres nec in heading no 5515	14.64	864.66	850.02	10.01	7.01	-

						All values in USD Millions
Product Code	Product Label	ASEAN imports from PAK	ASEAN imports from the world	Pakistan's Trade Potential	ASEAN: Average bound tariff	ASEAN: Average MFN tariff	ASEAN: Lowest average preferential tariff
620342	Trousers bib and brace overalls breeches and shorts mens or boys of cotton not knitted or crocheted	14.59	348.07	333.48	22.89	12.60	-
070190	Vegetables potatoes other than seed fresh or chilled	14.04	263.79	199.66	5.57	-	-
520942	Fabrics woven containing 85 or more by weight of cotton of yarns of different colours weighing more than 200gm2 denim	13.98	259.56	245.58	18.77	10.69	-
610910	Tshirts singlets and other vests of cotton knitted or crocheted	13.35	968.13	378.47	22.10	14.05	17.00
030499	Fish meat excluding fillets whether or not minced frozen nec in item no 03049	12.53	330.19	12.38	5.96	5.32	-
240120	Tobacco partly or wholly stemmed or stripped	11.78	1,127.52	24.03	57.25	13.66	-
030353	Fish frozen sardines Sardina pilchardus Sardinops spp sardinella Sardinella spp brisling or sprats Sprattus sprattus excluding fillets livers roes and other fish meat of heading 0304	10.25	155.51	1.52	34.77	6.34	-
271320	Petroleum bitumen obtained from bituminous minerals	10.05	1,738.62	- 0.17	N/A	-	-

Source: UNESCAP

It is essential for Pakistan to protect its manufacturing employment opportunities. A nation with a population of 251 million, given Pakistan's current level of development, cannot afford to outsource jobs, particularly in the lower tiers of the manufacturing sector. Any FTA with ASEAN, or any other nation, must be evaluated based on its potential to generate additional jobs, increase exports, and enhance government revenue before it is signed.

Additionally, to assess the effects of a hypothetical FTA on Pakistan's exports, assuming that ASEAN eliminates all tariffs (0% tariff rate/simulated tariff) for Pakistan entirely, a trade and tariff simulation was performed. The simulation results indicate that Pakistan's exports to ASEAN are projected to increase by 156%, reaching a total prospective value of USD 3.2 billion. The application of simulation study suggests that 1,177 Pakistani export items at HS-06-digit level will experience trade creation and trade diversion effects after signing of an FTA between Pakistan and ASEAN.

Pakistan possesses significant potential in various sectors, including cereals, pharmaceuticals, edible fruits and vegetables, and leather, with a trade potential estimated at USD 4.8 billion for its top 25 products in these categories.

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WHY THE SEAFOOD SECTOR?

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ANNEXURE

Table A-1: Classification of Non-tariff Measures as per the Transparency in Trade Initiative (TNT)[6]

Import-related measures	Technical Measures	A	Sanitary and phytosanitary (SPS) measures
		B	Technical barriers to trade (TBT)
		C	Pre-shipment inspections and other formalities
	Non-technical measures	D	Contingent trade-protective measures
		E	Non-automatic licensing, quotas, prohibitions and quantity-control measures
		F	Price-control measures, including additional taxes and charges
		G	Finance measures
		H	Measures affecting competition
		I	Trade-related investment measures
		J	Distribution restrictions
		K	Restrictions on post-sales services
		L	Subsidies (excluding export subsidies)
		M	Government procurement restrictions
		N	Intellectual property
		O	Rules of origin
Export-related measures		P	Export-related measures

Source: UNCTAD (2017)

Table A-2: Tariff Lines under HS-03

		All values in US$, Thousands	
Product code	**Product label**	**Pakistan's exports to Association of South-East Asian Nations (ASEAN)**	**Pakistan's exports to world**
		Value in 2022	**Value in 2022**
'03074300	Cuttle fish and squid, frozen, with or without shell	34,595	59,692
'03035400	Frozen mackerel "scomber scombrus, scomber australasicus, scomber japonicus"	27,432	27,967
'03061700	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	14,810	75,598
'03049900	Frozen fish meat n.e.s. (excluding fillets)	13,189	25,666

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[6] A joint project among AfDB, the ITC the UNCTAD and the World Bank, and the UNSD that aims to eliminate the transparency gap resulting from the lack of access to data on country-specific trade policies.

Product code	Product label	Pakistan's exports to Association of South-East Asian Nations (ASEAN)	Pakistan's exports to world
		All values in US$, Thousands	
		Value in 2022	Value in 2022
'03035300	Frozen sardines "sardina pilchardus, sardinops spp.", sardinella "sardinella spp.", brisling ...	9,894	11,242
'03038900	Frozen fish, n.e.s.	9,290	82,327
'03035900	Frozen anchovies "engraulis spp.", indian mackerels "rastrelliger spp.", seerfishes "scomberomorus ...	8,232	10,052
'03077200	Frozen, even in shell, clams, cockles and ark shells "families arcidae, arcticidae, cardiidae, ...	6,016	8,493
'03075200	Octopus "octopus spp.", frozen	5,149	13,702
'03061400	Frozen crabs, even smoked, whether in shell or not, incl. crabs in shell, cooked by steaming ...	5,147	17,003
'03038200	Frozen rays and skates "rajidae"	4,252	4,550
'03077900	Smoked, frozen, dried, salted or in brine, even in shell, clams, cockles and ark shells "families ...	2,593	10,976
'03033900	Frozen flat fish "pleuronectidae, bothidae, cynoglossidae, soleidae, scophthalmidae and citharidae" ...	2,279	12,212
'03079100	Live, fresh or chilled molluscs, fit for human consumption, even in shell (excluding oysters, ...	1,083	8,305
'03079200	Molluscs, even in shell, frozen (excl. oysters, scallops of the genera pecten, chlamys or placopecten, ...	934	5,256
'03032400	Frozen catfish "pangasius spp., silurus spp., clarias spp., ictalurus spp."	768	831
'03034900	Frozen tunas of the genus "thunnus" (excluding thunnus alalunga, thunnus albacares, thunnus ...	391	820
'03043900	Fresh or chilled fillets of carp "cyprinus carpio, carassius carassius, ctenopharyngodon idellus, ...	278	763
'03083000	Live, fresh, chilled, frozen, dried, salted or in brine, even smoked, jellyfish "rhopilema ...	187	2,130
'03057200	Fish heads, tails and maws, smoked, dried, salted or in brine	143	279
'03036900	Frozen fish of the families bregmacerotidae, euclichthyidae, gadidae, macrouridae, melanonidae,	101	190
'03031900	Frozen salmonidae (excluding trout and pacific, atlantic and danube salmon)	99	153

Product code	Product label	Pakistan's exports to Association of South-East Asian Nations (ASEAN)	Pakistan's exports to world
		All values in US$, Thousands	
		Value in 2022	Value in 2022
'03061200	Frozen lobsters "homarus spp.", even smoked, whether in shell or not, incl. lobsters in shell, ...	86	1,880
'03028900	Fresh or chilled fish, n.e.s.	74	15,789
'03063300	Crabs, whether in shell or not, live, fresh or chilled	69	13,304
'03035500	Frozen jack and horse mackerel "trachurus spp."	62	394
'03036300	Frozen cod "gadus morhua, gadus ogac, gadus macrocephalus"	59	59
'03073200	Mussels "mytilus spp., perna spp.", frozen, even in shell	51	1,657
'03072200	Scallops, incl. queen scallops, of the genera pecten, chlamys or placopecten, frozen, even ...	41	41
'03063600	Shrimps and prawns, whether in shell or not, live, fresh or chilled (excl. cold-water shrimps ...	40	921
'03032900	Frozen, nile perch (lates niloticus) and snakeheads (channa spp.)	31	47
'03077100	Live, fresh or chilled, even in shell, clams, cockles and ark shells "families arcidae, arcticidae, ...	23	481
'03063200	Lobsters "homarus spp.", whether in shell or not, live, fresh or chilled	13	885
'03033300	Frozen sole "solea spp."	7	9,617
'03031400	Frozen trout "salmo trutta, oncorhynchus mykiss, oncorhynchus clarki, oncorhynchus aguabonita, ...	6	6
'03052000	Fish livers and roes, dried, smoked, salted or in brine	3	257
'03024900	Fresh or chilled indian mackerels "rastrelliger spp.", seerfishes "scomberomorus spp.", jacks, ...	2	5,348

Source: ITC, Trade Map