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EFTA - Pakistan negotiations for deepening trade relations to continue in 2008

The European Free Trade Association (EFTA) and Pakistani trade officials met in Geneva on 3 October 2007 in their first discussions to investigate how trade and investment relations can be expanded for mutual benefice. EFTA is a free trade association between Switzerland, Norway, Iceland and Liechtenstein.

The Pakistani delegation was led by Mr. Syed Asif Shah, Secretary, Ministry of Commerce, and included Ambassadors Manzoor Ahmad, Ayesha Riaz, and Mr. Shahid Bashir, Joint Secretary.

The EFTA delegation was headed by Mr. Erik Underland, Chief Negotiator, Ministry of Trade and Industry, Norway. Also present were Ambassadors Kristin Arnason (Iceland) and Norbert Frick



(Liechtenstein); Mr. Martin Zbinden, Minister, Swiss State Secretariat for Economic Affairs; and Mr. Didier Chambovey, Deputy Secretary-General of the EFTA Secretariat.

During this explorative meeting the delegations exchanged information on current trade regimes of EFTA States and Pakistan, trade and investment flows, existing trade agreements, and ongoing negotiations. Views on trade policies and the architecture of EFTA and Pakistan's trade and investment agreements were also discussed.

The meeting concluded with an agreement to continue deliberations on ways and means of expanding trade and investment relations in early summer 2008. These deliberations will address all available trade policy instruments with a view to improving framework conditions and market access for goods, services and investment.



Mr. Syed Asif Shah

Mr. Shahzada Monnoo replaces Mr. Humayun Khan as new Minister for Commerce



Mr. Shahzada Alam Monnoo



Mr. Humayun Akhtar Khan

Mr. Shahzada Alam Monnoo is the new Minister for Commerce in the caretaker cabinet announced by Mr. Mian Mohammad Soomro, Prime Minister of Pakistan. Mr. Monnoo is the president of the Monnoo Group of Industries and he was chairman of All Pakistan Textile Mills Association and Lahore Chamber of Commerce.

Mr. Humayun Akhtar Khan, left office after serving as Commerce Minister for almost five years. During his term exports almost doubled. He played a leading role in WTO negotiations. In particular, during the Hong-Kong ministerial his role as "facilitator" for industrial goods was widely appreciated.

Swiss multinationals see tremendous potential in Pakistan economy: CEO of ABB Pakistan & Secretary Ministry of Industries speak to Commercial Section

“Swiss multinationals established in Pakistan, as well as other companies, see tremendous potential in the country”, asserts Mr. Farhat Ali, Chief Executive Officer of ABB Pakistan in an exclusive interview with the Commercial Team of the Permanent Mission of Pakistan to the WTO. ABB (Asea Brown Boveri) is a Swiss company, leader in Power and Automation, with revenues of US\$190 billion worldwide.



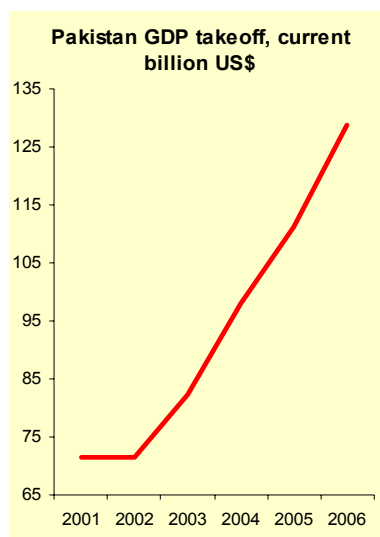
Mr. Farhat Ali

“I am very confident about the future.” He has reason to be upbeat. Since he took on his present job as CEO in 1999, ABB Pakistan, with expected revenues of around US\$300 million in 2007, has grown on average by 40% per year. Mr. Ali plans on double digit growth for 2008 but at a slower rate of around 20%.

Mr. Ali, an engineer who previously worked for Siemens in Pakistan for 18 years, knows the industrial sector well.

“Growth in Pakistan is sustainable due to one of the fastest growing middle-class in the world,” he says. “Indicators are strong and I see nothing which could derail the Pakistani economy.”

Mr. Shahab Khawaja, Secretary, Ministry of Industries, Production and Special Initiatives shares in this optimism: “Living standards in Pakistan improved dramatically since 1999. Per capita income doubled in the last seven years jumping from US\$438 in 1999 to US\$925 in 2006, which has created huge



Pakistan No. 2 for business-friendliness in South Asia, says World Bank report

Doing business became easier in Pakistan in 2005-2006, according to a new World Bank report titled *Doing Business in South Asia 2007*. Reforms in Pakistan reduced the time, cost, and hassle for businesses to comply with legal and administrative requirements.

Pakistan, the runner-up reformer in South Asia, implemented reforms to simplify cross-border trade which have resulted in a drop in the number of days required to import in Pakistan: from 39 to 19 days. Pakistan now ranks 51st worldwide in time to import.

Swiss companies in Pakistan to establish Swiss Business Council

Swiss Multinationals operating in Pakistan will soon be building new bridges between both countries by creating the Swiss Business Council.

The Swiss Business Council will include Pakistan-based Chief Executive Officers of Swiss companies such as Clariant, Société Générale de Surveillance, Novartis, Syngenta, Asea Brown Boveri, Swiss International Air Lines and others. The Council should be officially established in the spring of 2008.

Mr. Farhat Ali, CEO of ABB Pakistan was elected President of the Council's Management Committee.

demand for consumer items”.

Figures from the Ministry of Finance show that Pakistan economy has created more than 10.6 million new jobs since 1999. Indicators of living standards also improved markedly. For example, the percentage of households living in 2-4 room homes increased substantially from 55% in 1998 to nearly 70% in 2006.



Mr. Shahab Khawaja

“Pakistan’s economy is strong, with double even triple digit growth in some sectors of the economy also benefiting exports. Industrial outputs in higher-value products have exploded during the last 6 years,” comments Mr. Khawaja. The Economic Survey of Pakistan for 2006-2007 conducted by the Finance Ministry shows growth from 1999 in some key products:

- The production of electric fans increased by 100% to more than 6 million units in 2007 with exports of 2 million units.
- The production of television sets increased from 128,000 to over 960,000 in 2007.
- The production of motorcycles jumped by nearly 800%

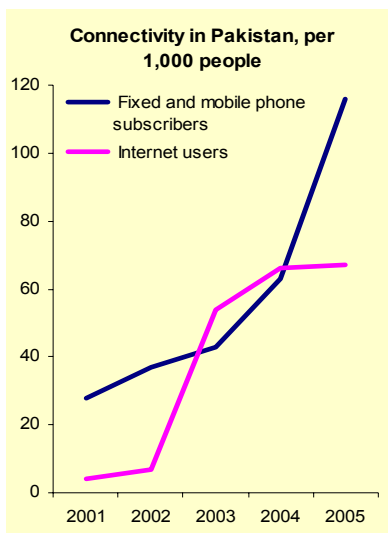
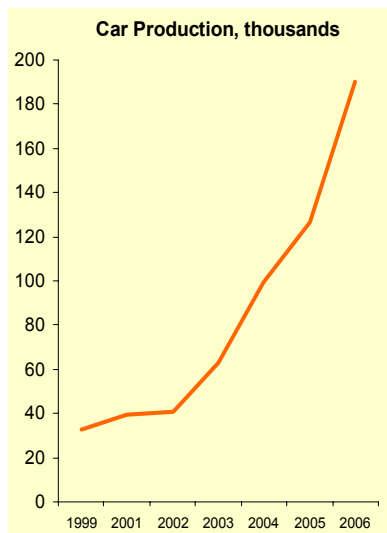
to 752,600 units in 2006.

Mr. Ali believes that Pakistan has reached a stage where the industry is now mature, and has gained a certain degree of independence from political influences. “The private sector is now more confident than it has ever been in the past. Forward-looking government reforms played an important part in building the competitive framework within which businesses now operate,” explains Mr. Khawaja.

Mr. Khawaja stresses the importance of competitiveness for growth in the country to be sustainable: “Competitiveness is the ability of firms to compete at the international frontier of best practice. This requires firms, particularly Small Medium Enterprises, to conduct in-firm skill development, technology upgradation, market information, and deeper integration into global value chains”.

“In ABB Pakistan, we train our technical staff to international standards and send them abroad for perfection seminars,” emphasizes Mr. Ali.

In the last 6 years, Pakistan’s business climate improved markedly due to reforms initiated. If past trends continue, Mr. Ali, and others like him, will keep on smiling from year to year.



Strong growth and privatization boost FDI in Pakistan: World Investment Report of UNCTAD

Pakistan’s good performance in attracting foreign direct investment (FDI) worth US\$4.3 billion in 2006 has been promising and it has been made possible due to strong economic growth and an aggressive privatisation programme, according to the World Investment Report 2007 prepared by the United Nation Conference on Trade and Development (UNCTAD).

The report highlights that after playing a leading role in a number of large merger and acquisition deals in Pakistan’s privatisation process, Middle East companies have announced a series of large Greenfield projects in the country. Pakistan has and is still experiencing a shift in sources of FDI from developed countries to Middle East countries, particularly the United Arab Emirates and Saudi Arabia.

The report further highlights that FDI in Pakistan is increasing constantly, during the decade of 1990-2000 inflows of FDI in Pakistan averaged US\$463 million and outflows were recorded at US\$5 million.

The Pakistan Board of Investment reports that total foreign investment for the financial year 2006-2007, i.e. from 1st July 2006 to 30th June 2007, stood at US\$8.4 billion, 88% more than the amount (US\$ 4.5 billion) during the same period last year.

Calendar of events

Flagship Events

EXPO PAKISTAN 2008, Pakistan's leading international alliance and business venture event, will be held in Karachi during 13-16 March 2008.

www.expopakistan.com.pk

IGATEX PAKISTAN 2008, 6th International Garments, Textiles and Leather Machinery Accessories, & Fabrics Exhibition, Karachi Expo Center, April 23-26, 2008.

www.igatex.com.pk

Pakistan

Auto & Auto Parts Pakistan, vehicles, parts, equipment & tools, and accessories, Karachi, 12-15 December 2007.

www.autoexpo.com.pk

Machine Tools & Automation Pakistan (MTAP 2007), Displays by industry giants from around the world, Karachi, 12-15 December 2007.

www.automation.com.pk

FOOD TECH 2008, 5th International Food, Equipment, & Technology Exhibition, Karachi Expo Center, May 13-16, 2008.

www.foodtech.com.pk

Switzerland / Europe

BAUMAG, Specialized Fair for Construction Machinery and Construction Equipment, Accessories, Luzern, 28 February – 2 March 2008, www.fachmessen.ch

Domotex, International trade fair for the carpet and floor coverings industry, Hannover (Germany), 12-15 January 2008,

www.domotex.de

Growth of 59% in Pakistan's exports to Switzerland between Jan-Oct 2005 & 2007

Pakistan's exports to Switzerland grew by 59% between January-October 2005 and the same period in 2007. Pakistan exported CHF38.2 million worth of goods up to October 2005 while exports reached CHF60.7 million in 2007 for the same period (see chart).

This increase is due to a number of factors, chief among them the good performance of non-traditional and traditional export items, better understanding by Pakistani firms about Swiss requirements, and promotion efforts by the Commercial Section (established by the Permanent Mission of Pakistan to the WTO in 2005).

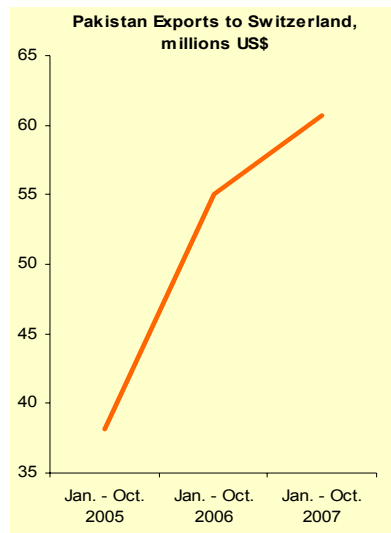
Selected items contributed most to this growth, mainly ethanol which surged from CHF25,000 in 2005 to over CHF7 million, becoming the 3rd largest export item. Mushrooms exports also blossomed from CHF2.8 million in 2005 to CHF3.4 million in 2007. Non-knit apparel, which represent 23.5% share of exports, contributed CHF 2 million to this growth.

Strong performance in Paki-

stan's non-traditional export items largely compensated the fall in some traditional items.

The Commercial Section offered specific advice to Pakistani firms on the best approach to take with Swiss firms based on in-house market research, business database and marketing.

The Commercial Section also negotiated links with Swiss institutions such as Swiss Import Promotion Program which made contacts with Swiss companies easier.



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