

Pak-Swiss TradeInfo

Newsletter of the Commercial Section

Permanent Mission of Pakistan to the WTO

Issue No. 8 - October 2008

Pakistan joins the Swiss Asian Chamber of Commerce (SACC)

On 18 April 2008, Pakistan has formally joined the Swiss Asian chamber of commerce formed by Brunei, Cambodia, Indonesia, Korea, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam and Switzerland

The SACC is a private non profit organisation which helps to promote bilateral trade and investment between Switzerland and South Asian countries and Korea. Its members are composed of different organisations (private or public) having interests in the business relations between Switzerland and South Asian countries and Korea.

Joining this chamber of commerce is an excellent initiative and opportunity for Pakistan to promote its investments projects into Switzerland. Before joining this chamber, Pakistan does not benefit any specific business services set to help either the Pakistan or Swiss businessmen in exploring different opportunities in the two countries. Getting the right information, meeting the right persons are paramount when trying to enter new markets.

The SACC chamber of commerce offers the following range of commercial services assistance in building business contacts, finding manufacturers or agents or suppliers; business advice, sharing and exchanging

experiences and providing economic information.



Pakistan's Ambassador Ayesha Riyaz mentioned during her speech to the SACC board on 18 April 2008 that one important area of mutual cooperation between Switzerland and Pakistan would be the energy sector .

The Pakistani Government wants more power generation and foresees to set up plants of 2,200 megawatt capacity. Switzerland is known to exploit 80 to 90% of its hydro-electrical potential while it is less than 15% in Pakistan. Therefore this is an area where the Swiss private sector may want to explore to set up hydro electric stations in Pakistan.

Ambassador Riyaz also pointed out some other areas of cooperation such as the bio foods , which has a tremendous opportunity in Switzerland. In 2007, sales in biofoods totalled 1.3 billion CHF and increased by 7.7% compared to the previous year (Source: bio Suisse).

Additionally, going to Pakistan to explore business opportunities has now been facilitated as the Embassy has reduced its visa processing time and has started issuing six month multiple entry business visa.

Switzerland is amongst the ten major investors in Pakistan during the last ten years according to the State Secretariat for Economic Affairs (SECO).

According to SECO, in 2006, Swiss investments in Pakistan amounted 296 Million CHF in progress compared to investments in 2005 which totalled 183.6 Million CHF. Investments are concentrated mainly in few sectors: such as pharmaceuticals, chemicals and textile machinery.

The SECO stated that around 200 strategic alliances exist between Swiss and Pakistanis companies. Around 10,800 persons are employed by Swiss companies in Pakistan.

For more information on SACC chamber of commerce, please visit their website at : <http://www.sacc.ch>

Big jump in Pakistan's rice exports to Switzerland

An important increase in the export of rice has largely contributed to offset Pakistan's textile exports which decreased by 18%.

From January to August 2008, Pakistan's exports totalled 46 Million CHF which are similar to the figures in exports from the previous year. Out of these, exports in rice have reached 11.8 % market share in Pakistan's total exports and exports are up 667.4% compared to last year. Pakistan has exported 8 702 tons of rice against only 559 tons in 2007.

Sports goods and leather items respectively were up 159.1% and 18.1% from last year.

Ethanol and dried mushrooms which were the top products in Pakistan's exports last year have all decreased. However, ethanol still has a substantial share of 12% in Pakistan's total exports

On the import side, the trend is on the rise. Pakistan's imports from Switzerland have surged from 206.2 Million CHF in 2007 to 302.1 this year representing an increase of 46%.

Major items imported by Pakistan which increased from the previous year were pharmaceutical products electrical and electronic equipment (+258.5%), arms and ammunitions (+399.0%), tanning product, organic chemicals (pesticides and fungicides) and miscellaneous chemical products. Only two major products have decreased compared to last year: clocks and watches and optical, medical, etc apparatus.

Another product that has achieved a remarkable performance is the Polyethylene terephthalate, this product is commonly named PET and used in synthetic fibres and also for food or beverage or liquid containers. Exports in Polyethylene terephthalate have increased by +1089% compared to last year.

Exports in guar gum have started to make its way into the Swiss market . Its exports are up 52.4% compared to last year, and its share in total Pakistan's exports are similar to the Polyethylene terephthalate.

Major Pakistan's exports to Switzerland (in Million CHF)

Product in details	Jan. - Aug. 08	Jan. - Aug. 07	% 08 Vs 07	% Share of Total exports in 2008
Articles of apparel and other made textiles	21.7	26.7	-18.5%	46.6%
Ethanol	5.6	6.5	-13.9%	12.0%
Rice	4.9	0.6	667.4%	10.4%
Sports goods	2.7	1.1	159.1%	5.9%
Leather items	1.9	1.6	18.1%	4.1%
Dried mushrooms	1.9	3.4	-44.8%	4.0%
Carpets	1.4	1.7	-14.5%	3.0%
Polyethylene terephthalate	1.1	0.1	1089.0%	2.4%
Guar Gums	1.0	0.6	52.4%	2.0%
Total Pakistan's Exports	46.6	46.6	0.1%	100.0%

Source: AFD

Major Pakistan imports from Switzerland (in Million CHF)

Product description	Jan. - Aug 08	Jan.- Aug. 07	% 08 Vs 07	% Share of Total imports in 2008
Pharmaceutical products	71.3	62.1	14.9%	23.6%
Arms and ammunition	61.6	12.3	399.0%	20.4%
Electrical, electronic equipment	50.0	13.9	258.5%	16.5%
Nuclear reactors, boilers, machinery, etc	40.9	39.6	3.4%	13.5%
Organic chemicals	22.5	15.5	45.2%	7.5%
Miscellaneous chemical products	10.2	8.2	24.2%	3.4%
Clocks and watches and parts thereof	9.8	10.8	-9.3%	3.2%
Optical, photo, technical, medical, etc apparatus	8.3	11.7	-28.6%	2.8%
Plastics and articles thereof	7.1	6.7	5.2%	2.3%
Tanning, dyeing extracts, tannins, derivs, pigments etc	6.9	6.2	10.5%	2.3%
Total Pakistan's Imports	302.1	206.2	46.5%	100.0%

Source: AFD

ITC sector study in Pakistan: the footwear sector

From the studies conducted by the ITC on the footwear sector in Pakistan it emerged that the footwear sector has potential to grow in exports because of its important leather tanning industry, its easily available labour, and its infrastructure of footwear industry qualified to be better than its neighbouring countries (India and Bangladesh).

Out of the 240 million pairs of footwear produced in Pakistan each year, only 20 million pairs worth US\$ 150 Million are exported. During the last five years, exports have increased at an average rate of 25% .

In 2005, exports increased by 47% and reached USD155 Million. The main exports consist of men's shoes, sandals, chapals and slippers and are mostly exported to Arab and Middle East countries, only 40% are destined for Europe. Pakistan footwear with uppers of leather with non-leather soles form are exported mainly to the UK, Germany and France.

43% of the total exports of footwear are from with uppers of composition of leather. Pakistan is the third largest exporter in this category and accounts for 11% of the world exports. World demand for this category of footwear with uppers of composition of leather is growing at 12% per year and Pakistan has still large room to grow.

Market access for Pakistan's footwear does not have any particular hindrances. In 2005, shares in Pakistan's exports in its respective major markets were: 37% in the European Union

where the applied tariff were 6.62%, 15% market share in Saudi Arabia where the applied tariff were 5%, 15% market share in United Arab Emirates where the applied tariff were 5%, 13% market share in Yemen, where applied tariff were 10%.

Pakistan's biggest competitors in the category of footwear with uppers of composition of leather are China and Romania. China is the largest supplier to the United States, Japan and Russia and Romania supplies soles to the European Union and Switzerland.

To seize the opportunities in this sector, there is a need to overcome some major weaknesses which are the consequences of the lack of product development, research and development facilities at country level.

The non existing research facilities or product development has limited the offers to the international markets. Companies tend to copy each others designs and companies are not very well informed about the market trends which are very important in the footwear industry.

Another major weakness identified during this study were the lack of support industry like the mould manufacturers for example.

To boost exports, ITC recommendations one for the creation of a R&D centre and the establishment of material laboratory testing and the creation of a specific technical centre.

The Swiss footwear sector

Switzerland is an exporter and importer of footwear. Bally the international brand name in footwear has its manufacturing facilities based in Switzerland. However, Swiss exports of footwear are lesser than the imports.

The major footwear imports consist of footwear with uppers leather. In 2007, Swiss exports in footwear with uppers leather amounted 727.8 Million USD up +10.4% from the previous year and imports were 163.8 Million USD.

Other important type of footwear imported in Switzerland are the sport and casual shoes. This is because of the importance of outdoor activities (mainly skiing).

ITC studies have also pointed out the increasing trend in Swiss imports of leather slippers which grows at an average rate of 14% per year. India has gained rapidly an important market share in Switzerland for this type of footwear as its offers are less expensive than the offers from Italy and Germany.

The key markets supplying Switzerland in footwear are Italy (38% of market share in 2007), Germany (22.4% market share in 2007) and France (+6.9%).

Switzerland is totally open to developing countries' suppliers. The Swiss GSP scheme grants zero tariff rate for all footwear imports.

Hydro electric stations in Switzerland

Switzerland has 513 hydro electric stations producing more than >0.3 MW and around 100 small hydro electric stations. 56% of electricity in Switzerland are from hydro electric stations. The 513 hydro electric stations produce annually around 34'900 million of kWh of electricity (Source: AXPO). Electricity from hydro electric stations are considered as clean energy because they are produced without any CO2 emissions.

Swiss companies operating the hydro electric complexes are often formed by a group of electricity companies or energy suppliers or utilities companies. The newly created entity deals on behalf of the group for the operating sales and distributions of electricity. Such system where the group pulls together their strength and capabilities allows the group to operate hydro electric stations both in Switzerland and abroad and gives the group a leadership in the energy sector where the market is very competitive.

Major Swiss companies amongst others are : AXPO group, ATEL, EOS holding, BKW FMB energie SA...



The 4th edition of EXPO 2008 will take place in Karachi expo centre from 27 to 30 October. This event has been successful since its first edition and is now part of the international trade fairs diary.

EXPO 2007 has seen 800 foreign buyers from 77 countries and around 10,000 visitors visited the fair. For this year's edition, the event will see the participation of around 120 exhibitors ranging from auto and auto spare parts, fabrics and apparel, foods, gems and jewellery, leather articles, home décors, industrial goods, IT, sports goods, surgical & pharmaceuticals and textiles. The different range of products and services that will be exhibited at this event represent the diversity of Pakistan's products and culture and cover the major Pakistan's offer into the international market.

This trade fair is not only aiming to be a one stop shopping for outsourcers willing to get quality products at reasonable price but also a venue to find out some investments opportunities or to look for representatives or agents or simply to build alliances.

Calendar of events

Pakistan

MTAP, 4th international Automobiles, autos parts & accessories exhibition
04-06 November 2008

www.automation.com.pk

Int'l Plastic, Packaging, Print Machinery & Technology Show

28 - 30 March 2009

www.plastpackasia.com

Switzerland

Swisstecth - Europe's central fair for subcontracting industries

Basel 18-21 November 2008

www.messe.ch

PRODEX- International exhibition for machine tools, tools and production measurement

Basel 18 - 22 November 2008

www.messe.ch

GEB - Global Energy Basel

12-14 November 2008

www.messe.ch

Issue 8 October 2008.

Commercial Section, Permanent Mission of Pakistan to the WTO, 37-39 Rue de Vermont, 1211 Geneva, Switzerland.

For trade enquiries please contact Commercial Section at:

Internet: www.wto-pakistan.org

Email: info@wto-pakistan.org

Tel.: +4122 - 748 70 10

Fax: +4122 - 748 70 29