

Pak-French Trade Relations

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France has one of the largest economies in the world and as member of European Union, is one of the most industrialized countries of the world. France is grouped among the "higher income economies" by the World. France is also among 11 countries out of the Fifteen EU members which joined the Euro Zone on 1st January 1999.

According to World Bank, France's GDP to be estimated \$ 2.2 trillions in terms of purchasing power parity in 2006, making it the seventh largest in the world.

The French economy is export oriented, with one-third of national output going to the external sector. As a result, exports traditionally have been a key element in French macroeconomic expansion. French is a strong advocate of closer European economic integration, and its economic and commercial policies are increasingly determined by agreements among European Union (EU) members.

Pakistan and France have always enjoyed cordial friendship relations. Both the countries have common perception about most of the international political and economic issues.

France is one of the main suppliers of defence equipments. France and Pakistan can also cooperate for the establishing industries for defence production and can transfer technology for this purpose to Pakistan.

Year	Exports	Imports	Balance of Trade
2004-05	367.51	207.46	+160.05
2005-06	336.74	340.46	-3.72
2006-07	346.15	418.87	+72.73

Source: Trade Development Authority of Pakistan

At present France is one of the most important trading partners of Pakistan. Despite some fluctuations, bilateral foreign trade has developed well. The total trade volume was US\$ 756 million between the two countries during the year 2006-2007.

Exports from Pakistan to France increased from US \$336.7 million in 2005-06 to US \$ 346.15 million in 2006-07, thus showing an increase of 2.7%

On the other hand imports from France increased from US \$207.5 million in 2004-05 to US \$418.7 million in 2006-07, thus showing an average increase of 34% per annum. Pakistan-France balance of trade is given in Table-1.

France is a good market for Pakistani textile products especially readymade garments, bed wear and knitwear. The main items of exports included cotton fabrics, towels, synthetic textiles, cotton yarn, carpets, cotton bags and other made-ups textiles Besides textile and clothing articles France also imports a variety of other products from Pakistan, which include, sports goods, leather, surgical instruments and leather gloves.

Export of textile and other items from Pakistan to France remained practically at the same level at US\$231 million in 2005-2006 and 2006-2007. Export of textile and other items from Pakistan to France are given in Table-2.

Commodities	2006-07	2005-06	Variation	% change
Artificial Silk And Synthetic Textiles	2,497	1,554	943	6.07
Bed Wear	83,979	87,826	-3847	-4.4
Carpets	13,144	13,390	-246	-1.8
Cotton Bags/ Sacks	103	191	-88	-4.6
Cotton Fabrics	10,042	15,683	-5641	-3.6
Cotton Yarn	136	653	-517	-7.9
Knitted / Crocheted Fabrics	134	64	70	109.3
Knitwear (Hosiery)	34,366	34,809	-443	-1.27
Made-up Textile Articles	6,949	8,044	-1095	-1.36
Readymade Garments	70,654	58,771	11883	2.02
Tents & Canvas	357	14	343	2450
Towels	8,364	9,915	-1551	-1.56
Yarn other than Cotton	152	158	-6	-3.8
Total	230,877	231,072		

Source : Trade Development Authority of Pakistan.



French Review

The Government continued to improve and rationalise its import policy with a view to allowing liberal imports of industrial raw materials, capital goods and essential consumer goods. These included usually high imports of machinery, chemicals and other raw materials. Chemicals, pharmaceutical products, telecommunication appliances and equipments, power generation machinery and textile machinery are main items imported from France.

In terms of rupee import of textile machinery from France to Pakistan decreased from Rs 887.5 million in 2005-2006 to Rs.573.5 million in 2006-2007, thus showing decline of 35%.

French investment

French assistance has helped Pakistan to steadily increase its exports to Europe in

the past several years and to capture a share of French market for many of its products.

Although the total direct investment in French companies remains low, major French multinationals have established important subsidiaries in Pakistan.

Rhone-Poulenc and Roussel-Uclaf, the two French majors in chemicals and pharmaceuticals have several production units across Pakistan. Danone, the French agro business giant, has joint venture in Sukkur which produces the world famous LU Biscuits.

Alcatel the number one in the world for telecom equipment is the manufacturer and supplier of PTCL for digital switches. Credit Agricole Indosuez and

Societe Generale two major French banks are very active in Pakistan. Another French Bank Credit LYONNAIS was among the first to establish a Pakistani fund for foreign portfolio investment in Pakistan Stock exchanges.

The prospects of expansion in trade overall economic relationship between Pakistan and France are pretty bright. Pakistani exporters have the scope to explore the potential for the export of textile products, carpets and rugs, leather garments, etc. in France.

It is hoped that there will be a further expansion in the years to come as a result of bilateral negotiations, visits of trade delegations on collective and individual basis and participation in international fairs. ♦

French Textile Industry at a glance

The French textile industry is a vibrant sector of French economy accounting for a total annual turnover of 14.6 billion euros. The industry is competing with global players in textiles as France imports about 12.5 billion euros worth of textiles and clothing. The market for French designer clothing and high fashion is significant and their total exports are worth 8.4 billion euros with an total investment in the sector of 330 million euros.

The following profile of French textile industry is prepared by Union des Industries Textiles UIT, the umbrella association for the textile industry in France. More information about French textile industry can be obtained by visiting the website of UIT, www.textile.fr

Textile industry in 2006 (Value added Sectors)	
No of companies (+ 20 persons)	947
Total workforce	86070
Turnover	14.6 billion euros
Exports	8.4 billion euros
Imports	12.6 billion euros
Investment	330 million euros

Share by distribution network		
(% of expenditure)	Clothing	Home-textiles
Specialized chains	26.1	8.0
Independent stores	18.7	9.7
Hyper and Supermarkets	15.3	29.3
Mass market	12.1	--
Mail order	8.7	25.9
Sports goods	8.2	0.2
Large stores	5.4	7.8
Popular stores	1.8%	1.4%
Others	3.8%	6.2%

French Imports of Textiles in 2006	
Italy	13%
China	15%
Germany	7%
Belgium	6%
Turkey	9%
Spain	4%
India	4%
Portugal	3%
Bangladesh	3%
Morocco	3%

Technical Textiles in France	
Consumption	2.5 billion euros
Growth	+3% per annum
5 key markets	Industry, Transport, Sports and Leisure, Medical, Housing installations