



Pakistan and Italy to enhance bilateral trade to US \$ 1.5 billion

by Prof. Dr. Noor Ahmed Memon.

Italy has always followed with keen interest the Pakistani market and in the past decades has gradually increased its' positioning, becoming one of the top ten global trading partners of Pakistan and the third amongst the EU member States with a growing trade exchange amounting in US\$ 1.05 billion in 2015-16. Hence, over the years, Italian companies have been looking more and more at Pakistan for trade and investments. Energy remains today the most important sector, while alternative energies, including solar, wind and bio-gas, are acquiring a growing importance in commercial relations. The Pharmaceutical sector maintains a relevant position in bilateral trade relations with some of the Italian main companies, operating on the Pakistani market since the 1980s. Also the automotive sector plays a leading role, as well as textile; most spinning mills successfully of Pakistan employ Italian machinery.

The global integration of economies has forced the developing countries to adopt liberalized policies for attraction of foreign direct Investment (FDI). Around the world countries have adopted proactive and liberal policies to attract FDI. Special Economic Zones (SEZs) have gained momentum in attracting FDI. To meet global competitiveness effectively and efficiently, creation of SEZs in the country had become an acute necessity. The law to establish SEZs has been promulgated which necessitate reviewing the existing

Investment Policy backed by FDI Strategy for 5-year to implement the policy through strategic interventions.

There is significant contribution in development sector, enhancing bilateral trade and investment between Pakistan and Italy is of significant importance to both countries. Exports have increased in Italy due to Pakistan under its Generalized System of Preferences-Plus scheme. However, over the past years trade



Stefano Pontecorvo, Italian Ambassador to Pakistan.

Table 1: Export of textile and other items to Italy

(Value: US\$ 000)

Product	2013-14	2014-15	2015-16
Cotton fabrics	180,860	157,170	152,209
Bedwear	73,204	81,026	87,504
Readymade garments	75,890	80,684	82,610
Knitwear	46,965	59,733	57,587
Cotton yarn	23,886	15,071	16,372
Towels	27,552	31,239	30,853
Textile made-ups	12,717	12,274	12,338
Tents and canvas goods	39	132	66
Art silk & synthetic textiles	11,099	9,406	8,204
Leather	71,553	63,316	56,357
Carpets and rugs	4,867	3,908	3,582
Surgical goods	7,723	6,954	6,973
Rice	19,937	19,647	18,420
Leather garments	6,276	6,447	6,519
Others	109,923	186,573	102,758
Total	671,842	733,580	642,352

Source: Trade Development Authority of Pakistan.



between Pakistan and Italy has increased but the rise in exports has been greater than the imports. However, balance of trade in favour Pakistan decreased from US\$ 386 million in 2014-15, to US\$ 233 in 2015-16.

Cotton fabrics and yarn, readymade garments, towels, hosiery, beddings, carpet and rugs, cotton, leather, sports goods and surgical instruments are the major items exported from Pakistan to Italy. Export of textile and other items from Pakistan to Italy are given in Table 1.

Textile machinery, general industrial machinery, power generating machinery, petroleum products, transport vehicles, iron and steel, pharmaceuticals, acrylic fibre, chemicals and paper and paperboard are the main items imported from Italy. Textile machinery market is closely influenced by the textile industry; regulations affecting this market have a direct bearing on the textile machinery market. Italian textile machinery exports

in Pakistan increased from 37 million Euros in 2012 to 80 million Euros in 2016, thus showing an average increase of 23% per annum.

Pakistan and Italy have excellent relations and cooperation in the fields of both development and non-development sectors and the same are growing day by day. The financial contribution of Italian government in development sector is over Euro 1 billion in sectors including Health and Sanitation; Agriculture, Rural development and natural resources management; cultural heritage and education. The projects supported by the Italian government are focused on livelihood, improving living standards, and gender diversification. Programs supported by the Italian government spread all across the country with projects in Balochistan, Khyber Pakhtunkhwa, Punjab and FATA.



References

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Italian Development Committee Pakistan

Italian Development Committee "IDC" membership based business institution founded in 2009 under the patronage of ambassadors and Consul Generals of Italy to promote trade and investment between Pakistan and Italy. IDC is an association of professionals from different industries and works under the umbrella of Government of Italy and Government of Pakistan. IDC offers wide range of services including; market research, sector analysis, direct marketing, seminars, conferences and trade exhibitions to facilitate trade and investment in both Italy and Pakistan which caters to the member/business community's requirements.

According to Mr. Aarij Iqbal, President, IDC Pakistan, "We at the IDC under the patronage of the Italian Embassy and the Italian Consulate work as catalyst to enhance bi-lateral trade, fostering investments, exports and imports and cultural representation between Pakistan and Italy. Italy being the top 4th investor in Pakistan



Mr. Aarij Iqbal, Mr. Aamir Haider Butt, Mr. Hassan Askari with Mr. Gianluca Rubagotti, Consul General of Italy in Pakistan.

established diplomatic relations in 1948 they share common positions on the UNSC reform. Many Pakistanis have found their home in Italy which also led to the SEP (Strategic Engagement Plan in 2013) too deepen cooperation and cater under its umbrella; consular and

immigration, political, security, defence, development, economic, scientific, cultural, energy and educational fields. We at the IDC take these cordial relations forward and encourage you for your feedback, suggestions, and queries and to be a part of the IDC family." ♦