

# Pakistan-Italy trade relations

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**Pakistan and Italy have excellent relations and cooperation in the fields of both trade and service sectors. Italy has also supported Pakistan bid for a free trade agreement between Pakistan and EU.**

Italy is an active investor in Pakistan and provided Pakistan, around US\$100 million under the Pakistan Italian Debt for Development Swap Agreement to social development projects in health, education and sanitation. There are over 100,000 Pakistanis living in Italy, mainly living in the cities of Milan and Brescia, of whom a vast majority belong to the Punjab province of Pakistan.

### Pak-Italy Trade

Italy has always followed with keen interest the Pakistani market and in the past decades has gradually increased its position, thereby becoming one of the top ten global trading partners of

Pakistan and the third amongst the EU member States. The US\$1.2 billion bilateral trade between the two countries in 2016-17 is the proof of this mutually reciprocal relationship.

The exports from Pakistan to Italy have increased under Generalized System of Preferences-Plus scheme implement in . However, over the past years trade between Pakistan and Italy has increased but the rise

**Table 1: Pak - Italy Trade Balance (US\$ Million)**

Year	Exports	Imports	Trade Balance
2012-13	556	-391	+ 165
2013-14	671	355	+ 316
2014-15	733	347	+ 386
2015-16	642	409	+ 233
2016-17	666	547	+ 119

Source: State Bank of Pakistan Annual Reports



Dr. Stefano Pontecorvo, Italian Ambassador to Pakistan.



Ms. Anna Ruffino, Italian Consul in Karachi.

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\$ 119 in 2016-17. Pak-Italian trade are given in **Table 1**.

**Exports:** 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 2**.

**Imports:** 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 to Pakistan from Italy.

Pakistan is an important market for textile machinery. 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 imports in Pakistan increased from 40 million Euros in 2014 to 87 million Euros in 2017, thus showing an average increase of 29% per annum. Most spinning mills successfully of Pakistan employ Italian machinery in the year 2017.

The most requested Italian machines were the finishing ones (45% of the total export towards Pakistan), followed by knitting (27%) and spinning machines (15%).

**Future Prospects**

Italian Ambassador to Pakistan Stefano Pontecorvo has emphasized that Pakistan is the most important country of Asia with a bright future. Private sector of Pakistan has the ability to do “economic miracles” and they must have strongest liaison with their Italian counterparts to extract huge benefits from Italian expertise.

The Italian investors can invest in marble, energy, agro-based industries, construction, mining, textiles and tourism sectors, adding that Pakistan could contribute and find complimentary areas in design and fashion. Other sectors included IT and telecommunication. Italian businessmen could take advantage from the investment-friendly climate of Pakistan that offered best return on the foreign investment with economic policies providing for legal protection to foreign investment.

Recently, Pakistan and Italy signed three letters of Intent (Lols) for cooperation in textiles, footwear and stone sectors at the 3<sup>rd</sup> session of Pak-Italy Joint Economic Commission (JEC) held in Rome. During the meeting, a Memorandum of understanding (MoU) was also signed between Pakistan Stone Development Company (PASDEC) and its Italian counterpart Confindustria Mardomacchine.

Another Memorandum of Intent was also signed between Pakistan Stone Development Company (Pasdec) and the Marble Association of Italy, and has already been approved by the Federal

**Table 2: Export of textile and other items from Pakistan to Italy (US\$ 000)**

Product	2014-15	2015-16	2016-17
Cotton fabrics	157,170	152,209	152,468
Bedwear	81,026	87,504	102,231
Readymade garments	80,684	82,610	88,344
Knitwear	59,733	57,587	51,919
Cotton yarn	15,071	16,372	21,740
Towels	31,239	30,853	32,593
Textile made-ups	12,274	12,338	14,834
Tents and canvas goods	132	66	109
Art silk & synthetic textiles	9,406	8,204	5,229
Leather	63,316	56,357	49,652
Carpets and rugs	3,908	3,582	4,014
Surgical goods	6,954	6,973	6,850
Rice	19,647	18,420	17,385
Leather garments	6,447	6,519	4,499
Others	186,573	102,758	114,713
<b>Total</b>	<b>733,580</b>	<b>642,352</b>	<b>666,580</b>

**Source: Trade Development Authority of Pakistan**

Cabinet. Pasdec and the Italian association will contribute an equal amount of 400,000 Euros each towards setting up of the centre in Risalpur. The project is expected to be completed within two years and it will also serve as an export promotion centre for the stones being extracted in Pakistan. The companies associated with the Marble Association of Italy supply the advanced technology that makes Italy a global

leader in stone and manufactured stone industries.

**References**

1. Association of Italian Textile Machinery Manufacturers (ACIMIT)
2. Pakistan Bureau of Statistics
3. State Bank of Pakistan-Annual Reports.
4. Trade Development Authority of Pakistan. ♦

