

# An Ex-Ante Assessment of Pakistan–UK Free Trade Agreement on Pakistan's Trade, Revenue and Welfare

September 2022



The Commonwealth



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# An Ex-Ante Assessment of Pakistan–UK Free Trade Agreement on Trade, Revenue and Welfare



The Commonwealth



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# Abbreviations and Acronyms

AGR	annual growth rate
CAGR	compound annual growth rate
CPFTA	China–Pakistan Free Trade Agreement
EPD	Export Product Dynamic (Matrix)
EPI	Export Potential Indicator
EPM	Export Potential Map
EU	European Union
FS	Falling Star (product)
FTA	Free Trade Agreement/ free trade agreement
GSP	Generalised Scheme of Preferences General Framework
GSP+	Generalised Scheme of Preferences Enhanced Framework
ITC	International Trade Centre
LO	Lost Opportunity (product)
MFN	most favoured nation
NTBs	non-tariff barriers
RS	Rising Star (product)
RT	Retreat (product)
TC	trade creation
TCI	trade complementarity index
TD	trade diversion
TE	trade effect
TTE	total trade effect
UNT	Untapped (product)
WITS	World Integrated Trade Solution



# Chapter 1

## **Introduction**



The UK government is considering some policy changes to the Generalised Scheme of Preferences General Framework (GSP) scheme, including:

*amendments to the conditions and reporting requirements that enable a low-income or lower middle-income country to benefit from more generous provisions through the Enhanced Framework and **simplifying the conditions that could lead to variation or suspension of preferences** for any beneficiary country.*<sup>1</sup>

The UK is engaged in signing numerous free trade agreements (FTAs) with its trading partners following its withdrawal from the European Union ('Brexit').

There is growing concern from the Government of Pakistan on the future of sustainable preferential trade with the UK. Although Pakistan's products currently have market access to the UK under the enhanced GSP, there is no certainty on the sustainability of trade under this framework/trade regime. Pakistan risks losing its GSP+ (Generalised Scheme of Preferences Enhanced Framework) status, thereby falling subject to GSP since UK GSP imports from Pakistan averaged 11.5 per cent for the period 2018 to 2020, exceeding the UK enhanced GSP qualifying criteria of 9.0 per cent.<sup>2</sup> It is against this background that the Government of Pakistan would like to determine the implications of different trade scenarios with the UK, including negotiating a reciprocal trade arrangement.

This study attempts to examine the possibility of a Pakistan–UK FTA and its impact; and the implications of maintaining the status of the current GSP Enhanced Framework and the impacts in case it is terminated. Thus, in a case of termination, the FTA option/direction would become more promising for Pakistan than GSP Enhanced Framework. There are also other adverse effects that would impact Pakistan if it maintained the status quo, especially arising from competitors with reciprocal trade arrangements with the UK. This paper evaluates the impacts under various scenarios to determine which is the most beneficial option for Pakistan. To be able to achieve the objective of enhanced market share in the UK market from an FTA, an ex-ante evaluation of the potential costs and benefits of a prospective Pakistan–UK FTA is critical in stakeholder consultative processes, and in the formulation of effective negotiating strategies.

Additionally, the paper identifies products that are performing well and those that are under-performing in the UK market, so that policy-makers can devise trade policy options for Pakistan that can be employed in FTA negotiations and policy formulations by providing an evidence-based database to industry, trade analysts and strategists for various kinds of interventions at the industry/firm level, and for fine-tuning trade negotiations and trade diplomacy with the UK.

Therefore, the purpose/objective of this study is **three-fold**:

1. Estimate the impact of a Pakistan–UK FTA on exports, imports, trade creation, trade diversion and revenue.
2. Identify products in which Pakistan has export potential in the UK market.
3. Assess the performance of Pakistan's products at HS-6-digit level in the UK market, and identify products that have performed well, that are threatened vis-à-vis competitors such as India, Bangladesh and Vietnam.

For the first objective, the study uses a partial equilibrium World Integrated Trade Solution (WITS)-SMART simulation model to assess the impact of full trade liberalisation under a Pakistan–UK FTA arrangement.

Though Partial Equilibrium models fail to represent inter-sectoral links and interactions, as well as macro-level effects, the adoption of partial equilibrium analysis allows for disaggregated analysis of markets (at the product level – HS-6) instead of product groups and sectors. Milner et al. (2002)<sup>3</sup> provided a simple analytical framework explaining the theory behind partial equilibrium modelling. Despite its shortcomings, a partial equilibrium framework is more suitable as it allows the utilization of widely available trade data at the appropriate level of detail to capture the principle of special and differential treatment in the simulation analysis. Partial equilibrium models have the advantage of working at very fine levels of details.

SMART allows the user to evaluate the impact of a given trade policy change (measured in tariff) on the following variables: - trade creation effects - trade diversion effects - net trade effect (aggregating trade creation and trade diversion effects) - tariff revenue variations - change in consumer surplus.

In assessing the trade and welfare effects for Pakistan of a Pakistan–UK FTA, the paper applies **five** counterfactual scenarios, of which Scenarios 1–4 relate to impacts on Pakistani goods in the UK market, while Scenario 5 assesses the impact of liberalising UK goods in Pakistan.

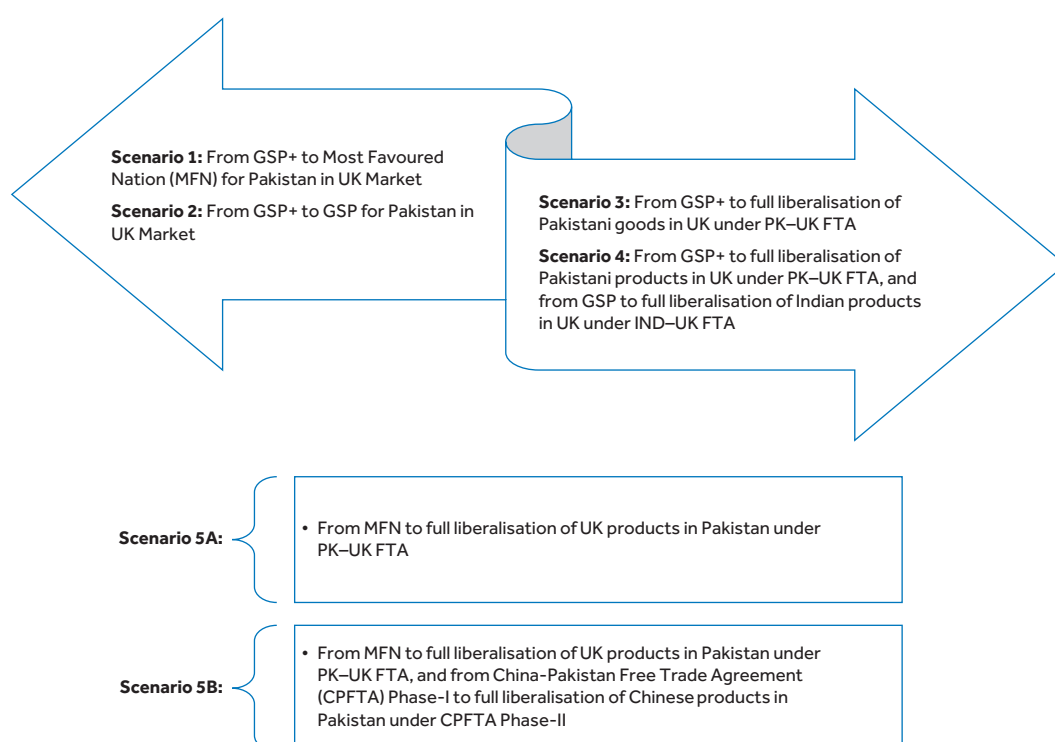
Scenarios 1 and 2 taken together present total net effects stemming from a counterfactual scenario of moving from UK imposition of MFN ('most favoured nation') on Pakistani products to a full liberalisation of Pakistani products in UK under the FTA. Thus, results of the two scenarios can be added to estimate total trade effects for Pakistan of an FTA with UK in case it loses the GSP Enhanced status and faces MFN in the UK market. Additionally, Scenario 1 also gives estimations of the benefits to Pakistan via change in its exports by means of trade creation and trade diversion due to being a beneficiary of GSP Enhanced Framework.

For the second objective, the study uses an International Trade Centre (ITC) Export Potential Map and Maximum Potential GAP Analysis using Minimum Formula. By identifying products, trade

advisers can provide guidance to businesses on unexplored export opportunities, and trade negotiators can use this information to prioritise products while formulating negotiating strategies – including formulating sensitive and non-sensitive lists of products for the FTA. The second approach is used to ensure maximum products are identified possessing export potential as EPM computes export potential based only on access, distance and GDP.

For the third objective, an Export Product Dynamic (EPD) Matrix is employed to identify tariff lines and position them into various product segments vis-à-vis Pakistan's competitors in the UK market.

The remainder of the paper is structured as follows: Section 2 provides a review of the performance of Pakistan's trade with the UK over the years; Section 3 describes the methodological approach of the present study; and Section 4 presents the results and findings of the study. Finally, Section 5 offers some concluding remarks and discusses the main policy implications.



## Notes

- 1 Department for International Trade (2021), *Information Pack on the UK's Generalised Scheme of Preferences*, available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1003574/gsp-consult-information-pack.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003574/gsp-consult-information-pack.pdf)
- 2 The first part of this study by the Commonwealth Secretariat titled, *Study on Pakistan's export opportunities in the UK and EU in the post-Brexit era* (November 2021).
- 3 Milner, Morrissey and Mc Kay, 2002 "Some simple analytics of the trade and welfare effects of Economic Partnership Agreements: the case of the EU-EAC"

# Chapter 2

## Trade Performance Review

## 2.1. Pakistan–UK bilateral trade trend

The UK is Pakistan's third largest exporting destination; the share in value of exports to the UK in Pakistan total exports is 7.8 per cent. Its share in Pakistan's total exports has increased from 7.5 per cent in 2017 to 7.8 per cent in 2020. See Figure 2.1 and Figure 2.2.

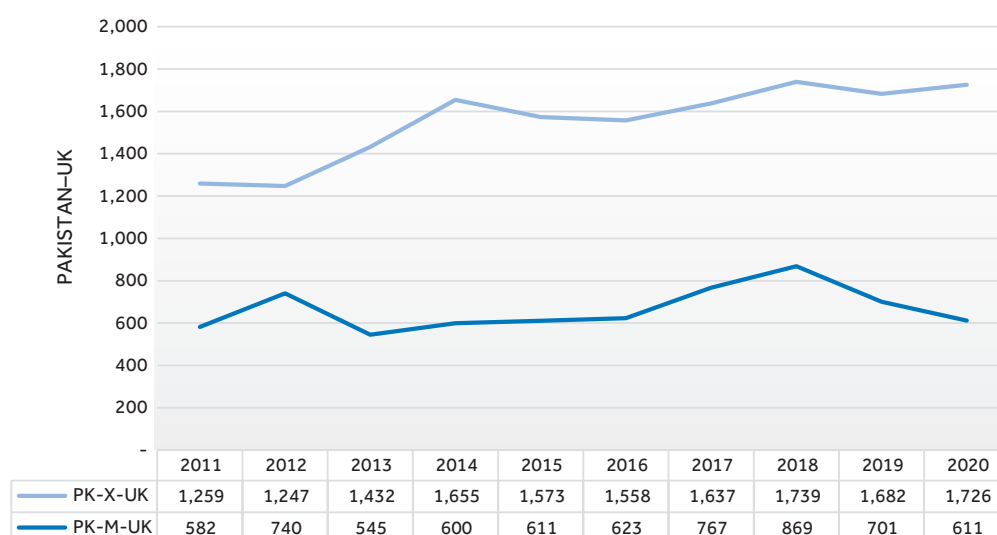
In 2020, Pakistan's exports to the UK amounted to US\$1.73 billion, accounting for 21.7 per cent of Pakistan's total exports to the European Union (EU) (incl. UK). Pakistan's trade balance remains positive with the UK. Pakistan's exports to the UK dropped for a few years after falling under GSP

Enhanced status but started to increase again after 2017. Nevertheless, the decline in Pakistan's exports was experienced in the total EU market, while the share of Pakistan's exports to the UK in Pakistan's total exports to the EU increased from 22.9 per cent in 2014 to 23.7 per cent in the subsequent year.

## 2.2. Top exporting and importing sectors and products

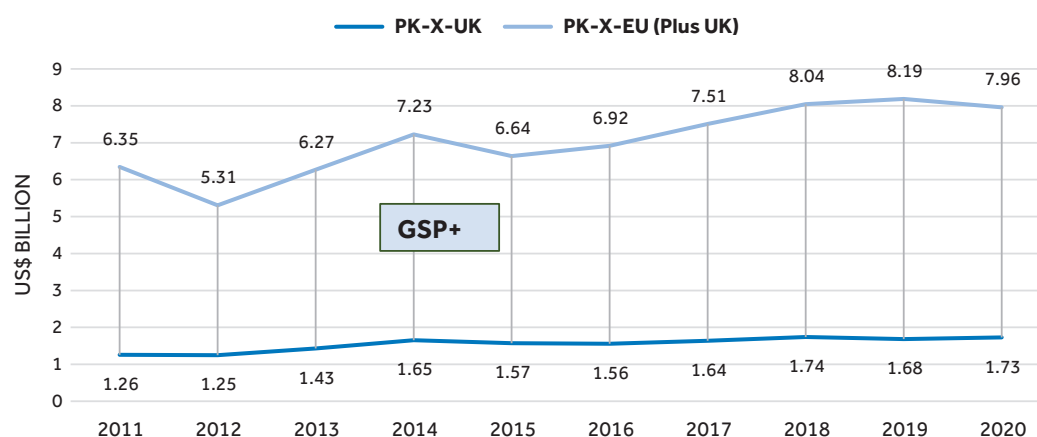
Figure 2.3 portrays the share of each sector's exports to the UK by Pakistan, of total Pakistan exports to the UK in the pre-GSP Enhanced

Figure 2.1 Pakistan - UK bilateral trade trend



Source: International Trade Center (ITC), Trade Map 2022

Figure 2.2 PK-X-EU (incl. UK) and PK-X-EU, 2011–20



Source: ITC Trade Map 2022

**Table 2.1. Percentage share of Pakistan's exports to UK in Pakistan's total exports to EU (incl. UK)**

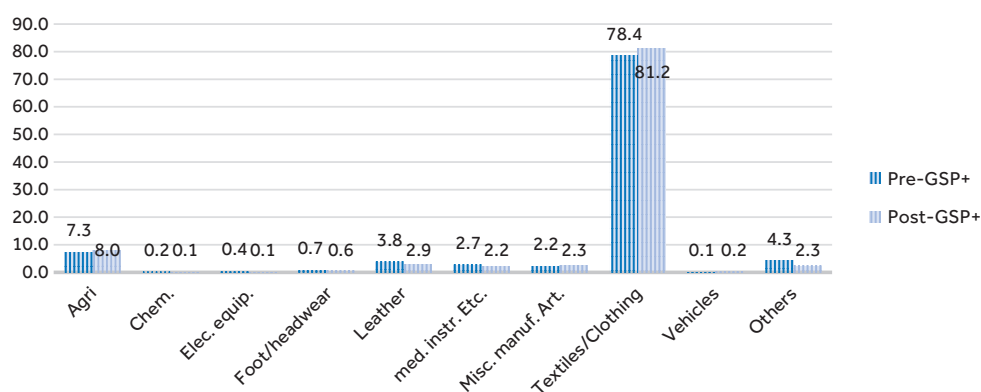
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
19.8	23.5	22.8	22.9	23.7	22.5	21.8	21.6	20.5	21.7

(2011–13) and in post-GSP Enhanced (2014–20) periods. The figure shows that textiles/clothing constituted the main export sector in both periods, with its share increasing from 78.4 per cent to 81.2 per cent between the two periods. Sectors that experienced growth in share of exports to the UK include textiles/clothing and agriculture, while leather, footwear/headgear, chemicals and medical instruments have shown a decline in share of total exports to the UK.

The largest export sectors for Pakistan to the UK include articles of apparel, agriculture, textiles, leather, and medical or surgical instruments. The largest importing sectors for Pakistan from UK include Iron and steel, machinery, pharma products, chemical products, etc. Goods that are not currently covered by the GSP General and Enhanced Frameworks fall within the following sectors: agri-food (including some products which face seasonal tariffs), certain chemicals, raw hides, skins and leather, and certain base metals. In addition to these excluded products, certain goods in the following sectors currently face tariffs under the General Framework: plastics, rubber, wood products, textiles, apparel, footwear, articles of stone, ceramic products and glass, base metals, machinery and equipment, and road vehicles, bicycles, aviation and space, boats and parts.

Table 2.2 shows top exporting Pakistani products to UK at the HS-6-digit level. The world ranking for these products in terms of Pakistan's world exports is given in the second column, and among the top ten ranking world exports, products ranked #1 (HS-100630 – semi-milled or wholly milled rice), #7 (HS-520512 – single cotton yarn), #8 (HS-630710 – cleaning cloths), and #9 (HS-520942 – denim, 85% cotton) do not appear in the top ten products to the UK. Top ten products comprise 51.4 per cent of Pakistan's exports to the UK in its total exports to the UK.

Product segmentation based on Compound Annual Growth Rate (CAGR) of UK world imports and Pakistan's exports to the UK (column 11) reveal only three Rising Star products. The criteria of product segments are given in detail in Section 3.4. The product segments of Falling Star are the most undesirable segment, since the product's demand is shrinking in the destination market while the exporting market experiences growth in the destination market; this indicates that the export of the product will, in due course, decline in the destination market. The occurrence of Retreat indicates both demand and supply are falling. There are three Falling Star and three Retreat products. There is only one product that falls into the category of Lost Opportunity, in the instance of which the destination market's demand for the product rises,

**Figure 2.3 Sector-wise shares of PK-X-UK (%) – pre and post-GSP (P-I & P-II)**

Source: ITC Trade Map

Figure 2.4a Top 10 Pakistan exporting sectors to UK (\$ million) 2021

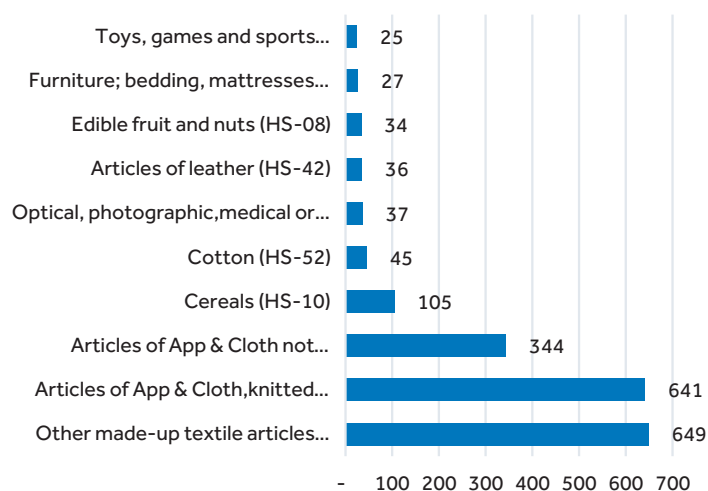
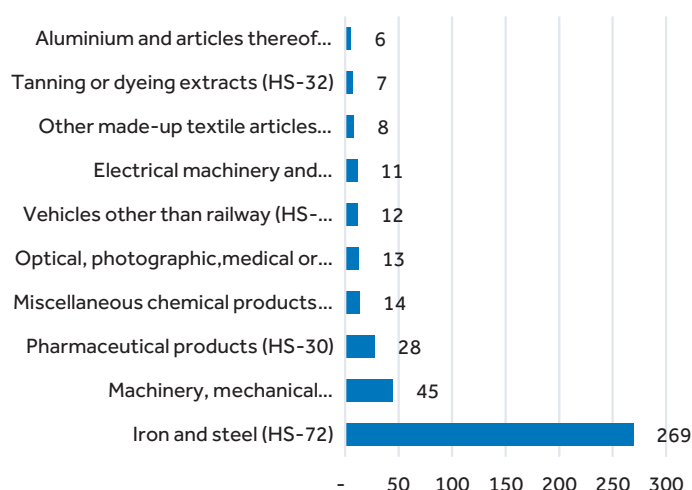


Figure 2.4b Top 10 Pakistan importing sectors from UK (\$ million) 2021



Source: Web Based One Customs (WeBOC), Pakistan Revenue Automation (Pvt.) Ltd. (PRAL) 2021

while the exporting country's supply to the market undergoes a decline. Nevertheless, Pakistan's world export of this product is rising, and so it may eventually also catch up in the UK market.

Only one of the top ten products is faced with tariff of 3.6 per cent in the UK market, i.e., HS-100620. At the UK HS-10-digit level, the tariff code HS-1006209813 – Rice: husked (brown) rice: of the varieties Basmati 370, Basmati 386 (India), Type-3 (Dehradun) (India), Taraori Basmati (HBC-19) (India), Basmati 217 (India), Ranbir Basmati (India), **Kernel (Basmati) (Pakistan)**, Pusa Basmati, Super Basmati – faces an applied tariff of 25.00 GBP/ton (Ad Valorem Equivalent of 4.2%), while the tariff code HS-1006201713 – Rice : husked (brown) rice : Of the varieties Basmati 370, Basmati 386 (India), Type-3 (Dehradun) (India), Taraori Basmati (HBC-19)

(India), Basmati 217 (India), Ranbir Basmati (India), **Kernel (Basmati) (Pakistan)**, Pusa Basmati, Super Basmati – also faces applied tariff of 25.00 GBP/ton (AVE of 5.51%).

## 2.3. Trade profiles

A **trade complementarity index** is a similarity measure of export and import structures for a pair of countries.

Trade complementarity indices (TCIs), introduced by Michaely (1996), measure the extent to which two countries are 'natural trading partners', in the sense that what one country's exports overlap with what the other country's imports.<sup>4</sup>

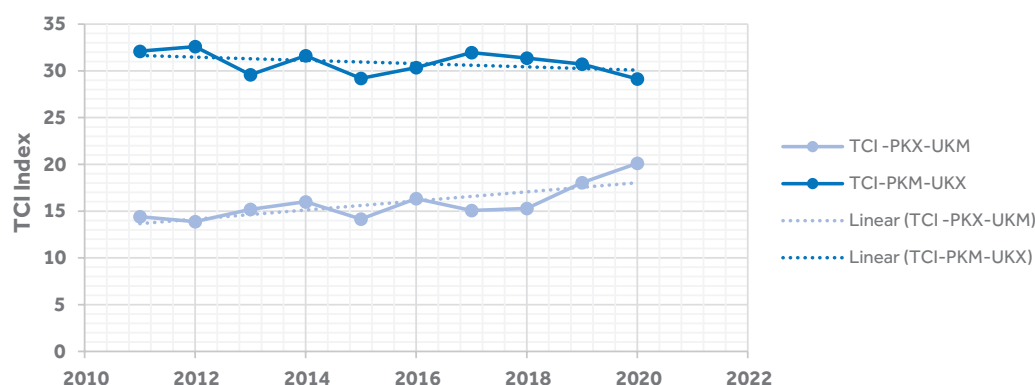
$$TC_{ij} = 100 \left( 1 - \text{sum}(|m_{ik} - x_{ij}| / 2) \right)$$

Table 2.2. Trade and tariff information of top 10 exports of Pakistan to UK

Product ranking (2020)		Product code/description	PAK-Exports to UK (PK-X-UK) (US\$ MLN)		Share (%) of product in – (2020)		Per annum growth rate (2017 to 2020) – %				Rate for PK	MFN rate
w.r.t PAK-X-UK	w.r.t PAK-X-WRLD		2017	2020	PAK Total Exports to UK (PK-TX-UK)	PAK Exports to UK in PAK World Exports (PK-X-UK in PWX)	PAK Exports to UK (PK-X-UK)	PAK Exports to the World (PK-X-WRLD)	UK World Imports (UK-WRLD-M)	Product Segment		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12) & (13)	
		<b>ALL PRODUCTS</b>	<b>1637.5</b>	<b>1726.2</b>		<b>7.8</b>	<b>0.013</b>	<b>0.004</b>	<b>(0.003)</b>			
1	6	630239 – Textile material bedlinen (excl. cotton, MMF, printed, ...)	226.57	226.1	13.1	1.0	(0.00)	(0.01)	(0.05)	RT	0	12
2	2	620322 – Men's cotton ensembles (excl. knitted)	141.21	109.0	6.3	0.5	(0.06)	0.02	(0.08)	RT	0	12
3	3	630231 – Cotton bedlinen (excl. printed, knitted)	97.52	101.6	5.9	0.5	0.01	0.03	(0.03)	FS	0	12
4	13	100620 – Husked or brown rice	11.27	91.6	5.3	0.4	0.69	0.60	0.02	RS	3.6	3.6
5	4	630260 – Toilet/kitchen linen, of terry	80.28	80.3	4.7	0.4	0.00	(0.01)	(0.06)	FS	0	12
6	16	610590 – Men's textile material shirts, knitted	75.61	74.9	4.3	0.3	(0.00)	(0.02)	(0.01)	RT	0	12
7	10	611090 – Jerseys, cardigans, etc. of textile material, knitted	39.75	60.5	3.5	0.3	0.06	0.18	0.06	RS	0	12
8	5	630210 – bedlinen, knitted/crocheted	93.64	55.2	3.2	0.2	(0.12)	0.02	0.06	LO	0	12
9	22	610349 – Men's trousers, breeches, shorts, of textile material	41.67	51.5	3.0	0.2	0.05	0.06	0.05	RS	0	12
10	18	610910 – cotton T-shirts, singlets, knitted	30.03	35.9	2.1	0.2	0.04	0.06	(0.01)	FS	0	12
<b>Top 10</b>		<b>Total</b>	<b>837.5</b>	<b>886.6</b>	<b>51.4%</b>	<b>4.0%</b>						



Figure 2.5 Trade complementarity between Pakistan and the UK over time



Where  $x_{ij}$  is the share of good  $i$  in global exports of country  $j$  and  $m_{ik}$  is the share of good  $i$  in all imports of country  $k$ . The index is zero when no goods are exported by one country or imported by the other and 100 when the export and import shares exactly match. A strong complementarity level in trade structures indicates that countries will most likely benefit from a trade agreement and may be defined as natural trading partners. Tracing TCI over time indicates whether trade profiles are becoming more or less compatible.

The linear trend in Figure 2.5 demonstrates the evolution of TCIs. It reveals that Pakistan's export complementarity with UK imports has increased steadily, indicating improving compatibility in trade profile. The UK's export complementarity with Pakistan's imports experienced a slight decline over time. Nevertheless, the TCI of Pakistan's exports with the UK's imports is lower throughout all periods than the TCI of Pakistan's imports with UK exports.

## 2.4. UK tariffs: MFN and applied on Pakistan and competitors

The margin of preference for Pakistan is very low in the case of agricultural products such as meat (HS02); milling industrial products, malts, starches (HS11); and sugars and confectionery (HS17); and zero preferential margin in the case of cereals (HS10). Among competitors, India's tariffs are almost equivalent to Pakistan's tariffs in these sectors. Vietnam enjoys greater preferential margin than Pakistan in meat, cereals, edible vegetables, fruits and nuts, and milling industrial products. Tariff rates for bilateral trade in goods between the UK and Vietnam continue to apply as replicated from the EU-Vietnam Free Trade Agreement.

Pakistan and Bangladesh enjoy zero duties for man-made fibre, cotton, apparel sector and footwear. Vietnam's preferential tariffs for apparel sector are

Figure 2.6a UK Tariffs: MFN and Applied on Pakistan and Competitors

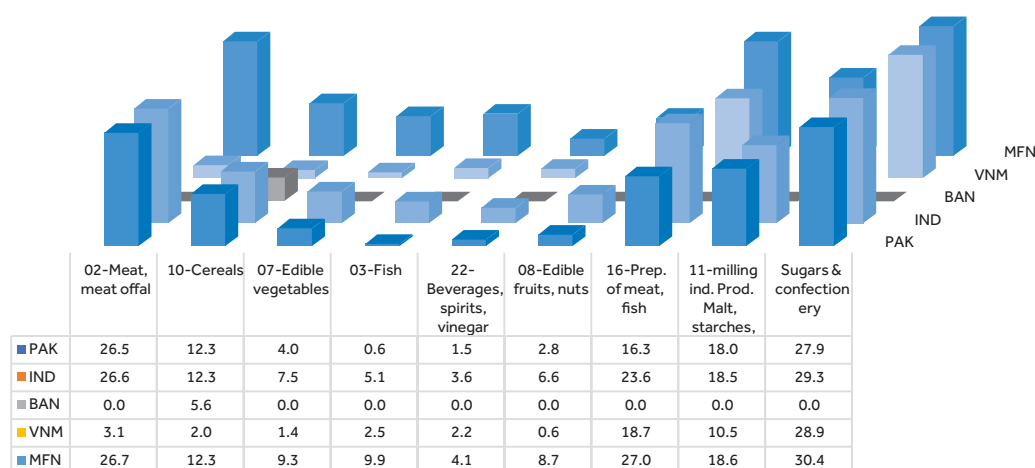
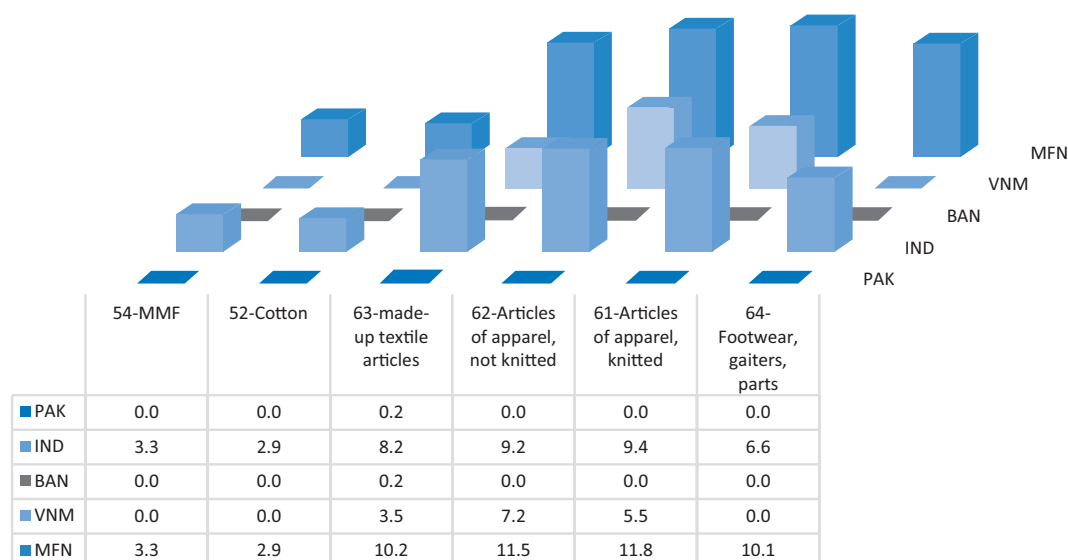


Figure 2.6b UK tariffs: MFN and Applied on Pakistan and Competitors



higher than Pakistan but will gradually be eliminated under a UK-Vietnam FTA.

Of Pakistan's exports to the UK, 92.5 per cent are duty free, 5.8 per cent of exports are liable for duty of up to 5 per cent, and 1.7 per cent face tariffs between 10 to 20 per cent.

Products facing duty of up to 5 per cent include agricultural products such as frozen shrimps and prawns, bread, pastry, edible plant parts, fresh or chilled vegetables n.e.s., malt extract, cane molasses, sugar cane (fresh, chilled, frozen or dried), poultry, fresh or dried lemons, jams, jellies, marmalade, milk and cream, dried grapes, etc.; products of arms and ammunition, unwrought iron, and dress patterns. Pakistan's world exports of these products stood at \$0.46 billion in 2020, while it amounted to \$0.23 billion in 2018. The UK imports from the world increased from \$9.6 billion in 2018 to \$14.6 billion in 2020. Pakistan's exports to the UK have also risen from \$0.03 billion in 2018 to \$0.10 million in 2020.

Pakistan's world exports in products facing duty between 10 to 20 per cent in the UK declined to

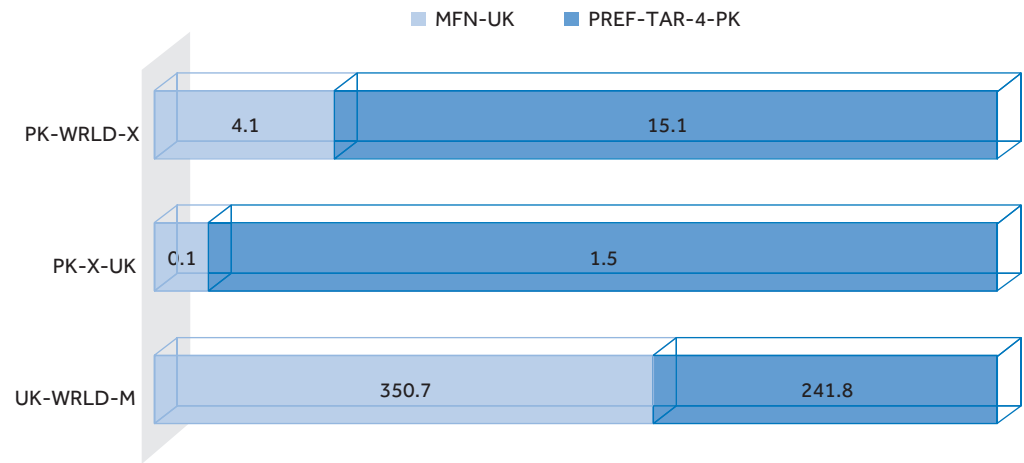
\$2.0 billion in 2020 from \$2.3 billion in 2018 for products in which it faces duties between 10 to 20 per cent in the UK. UK world imports stood at \$7.5 billion in 2020, an increase of \$0.3 billion since 2018. Pakistan's exports to the UK fell from \$0.08 to \$0.03 billion between 2018 and 2020. Products in this tariff range include fresh or chilled fowls, residues of starch, cereal flours, milk and cream in solid forms, milk and cream of fat content <1%, semi-milled or wholly milled rice, broken rice, fresh or dried mandarins, oranges and wilkings, pasta, fresh or chilled cucumbers and gherkins, etc.

Figure 2.7 shows the breakdown of Pakistan's exports to the world and the UK that enter duty free due to MFN being zero and due to preferential tariffs. Of the \$1.6 billion of Pakistan's exports to the UK that fall under duty slab 0-1 per cent, \$1.5 billion exports are covered by preferential tariff while the remaining \$0.1 billion has MFN equal to zero. The top most bar reveals that Pakistan's global exports worth \$15.1 billion are covered by UK preferential tariffs.

Table 2.3. Trade under UK Tariff-Slabs (\$ billion)

UK-APPLIED-TARIFF-FOR-PK	0<X<=1	1<X<=5	5<X<=10	10<X<=20	20<X<=30	30<X<=50	50<X<=70	X>70	Total
UK-WRLD-M	593.06	14.59	4.34	7.47	3.35	2.60	1.94	0.28	627.63
PK-WRLD-X	19.27	0.46	0.13	2.03	0.03	0.28	0.02	0.01	22.23
PK-X-UK	1.60	0.10	0.00	0.03	0.00	0.00	0.00	0.00	1.73

Figure 2.7 Pakistan’s exports and UK’s imports under UK Tariff-Slab 0 - 0.5



Note

4 See 'Chapter 1 Analyzing Trade Flows', 'A Practical Guide to Trade Policy Analysis', UNCTAD (2012), available at: <https://vi.unctad.org/tpa/web/docs/vol1/ch1.pdf>

# Chapter 3

## Methodological Approach of the Present Study

### 3.1. WITS-SMART simulation

The study examines trade and welfare effects using the WITS-SMART simulation model, which is a partial equilibrium model. The model concentrates on a given import market and its exporting partners and estimates the impact of a tariff change. The purpose of the SMART simulation exercise in this paper is to make a quantitative assessment of the trade, revenue and welfare effects on Pakistan of a Pakistan–UK Free Trade Agreement.<sup>2</sup>

### 3.2. ITC Export Potential Indicator

Export potential assessment identifies and ranks untapped opportunities based upon their linkages to the country's current export basket and its chances of export success in given target markets.

The Export Potential Indicator (EPI) identifies the potential export value for any exporter in each product and target market based on an economic model that combines the exporter's supply, the target market's demand, market access conditions and bilateral linkages between the two countries. For existing export products, supply is measured through historical information on export performance. Potential export values can be compared with actual export values to find exporters, products and markets with room for growth.<sup>5</sup>

### 3.3. Max. Potential Gap

*Max. Potential Gap* for Pakistani products to the UK is defined as the lower value between Pakistan's exports and the UK's imports, minus Pakistan's actual current exports to UK.

$$\begin{aligned} & \text{Trade Potential} \\ &= \min\{\text{Pakistan's exports; UK's imports}\} \\ & \quad \text{Pakistan's actual current exports to the UK} \end{aligned}$$

### 3.4. Export Product Dynamics (EPD) Matrix

An Export Product Dynamics (EPD) Matrix is used in the study to identify and place product lines into various segments based on the criteria discussed in Table 3.1.

The EPD Matrix is employed to position Pakistan's products vis-à-vis competitors, namely India, Bangladesh and Vietnam, in the UK market. The matrix will position products into various product segments, helping identify products that have retained their competitiveness in the UK market, or that are threatened by competitors.

**Table 3.1. Product segmentation criteria**

	UK's imports from the world		
<b>PAK's exports to the UK</b>		Positive AGR p.a. 2017–20	Negative AGR p.a. 2017–20
	Positive AGR p.a. 2017–20	Rising Star	Falling Star
	Negative AGR p.a. 2017–20	Lost Opportunity	Retreat
<b>PAK's exports to the world</b>	Positive AGR p.a. 2017–20, but no PAK-X-2-UK	Untapped*	Non-Complementarity in GRs
	Negative AGR p.a. 2017–20, & no PAK-X-2-UK	Non-Complementarity in GRs	Others

Note: \*Untapped, PAK-X-UK CAGR is not computed because of either no trade in all four years or in one or more of the last four years, though Pakistan's world exports in each of the product exceeds US\$5 million.

### Note

- 5 ITC Export Potential Map, 'About the Export Potential Map', available at: <https://exportpotential.intracen.org/en/about>

# Chapter 4

## Results and Findings

## 4.1. WITS-SMART simulation exercise

### Scenario 1: From GSP Enhanced to MFN for Pakistan in the UK market

This scenario involves switching UK tariffs for Pakistan from GSP Enhanced to MFN tariff rates. Table 4.1 shows the trade effects of this change in trade policy.

By imposing MFN tariff rates on products from Pakistan only, the trade creation effect is negative – since higher tariffs on imports from Pakistan raises the domestic price of Pakistani products in the UK. As a result of hike in tariffs, the direct impact is reduced imports from Pakistan worth US\$282.3 million. For the UK, trade diversion is neutral as the overall imported quantity remains unaffected and a reallocation of market shares takes place between various exporters of the product based on the new relative price. Imposition of higher MFN rates on Pakistani products has increased its relative prices compared with other exporting countries. Imports from Pakistan resulting from trade diversion fall by US\$178.3 million. In the case of Pakistan, the total trade effect amounts to a loss of US\$460.6 million. Pakistan experiences negative trade creation and negative trade diversion, while other exporting countries enjoy a positive trade diversion effect and no trade creation effect.

Trade creation is 61.3 per cent of the total trade effect, while trade diversion is only 38.7 per cent of the total trade effect. A higher negative trade creation relative to negative trade diversion implies loss of UK consumer welfare in terms of higher import prices and lower import quantity.

The top ten products with the greatest fall in trade creation comprise 66.5 per cent of the total trade

creation. Of these, three products experience greater trade creation than diversion, and three products experience no trade diversion.

### Scenario 2: From GSP Enhanced to GSP (General Framework) for Pakistan in the UK market

This scenario involves switching UK preference schemes for Pakistan from GSP Enhanced to GSP. Table 4.5 reports the trade effects of this change in trade policy.

Table 4.5 shows that of the top ten exporting sectors for Pakistan to the UK, eight sectors will face higher tariffs as a result of switching the preference regime from Enhanced Framework GSP to General Framework GSP. Simulation results reveal that Pakistan's exports will fall by US\$255.7 million, of which US\$106.7 million would be diverted away from Pakistan to other UK partner countries. Apparel is the most affected sector (HS 61, 62, 63), accounting for 98.2 per cent of the decline in Pakistan's exports to the UK. UK consumer surplus will decline by US\$10.9 million because of the preference regime switch for Pakistani products in the UK.

Table 4.6 reveals the top ten countries gaining in the UK market as a result of trade diversion from Pakistan due to it facing higher tariffs from falling under GSP and losing GSP Enhanced status. China is the top beneficiary in HS 61 and HS 63, while Pakistan will lose its market to Bangladesh in HS 62.

### Scenario 3: From GSP Enhanced to full liberalisation of Pakistani goods in the UK under a PK–UK FTA

While Scenarios 1 and 2 involved impositions of higher tariffs on Pakistani products in the UK, Scenarios 3 and 4 involve full liberalisation of Pakistani goods in the UK.

**Table 4.1. Change in exports for Pakistan (trade creation and trade diversion effects) following UK imposition of MFN rates (US\$ 000)**

Trade creation	Trade diversion	Total trade effects	Change in UK tariff revenue	Consumer surplus (UK)
(282,316.25)	(178,312.46)	(460,628.71)	224,798.1	(14,856.3)

Table 4.2. Top ten products for Pakistan with lowest trade creation effects in the UK (US\$ 000)

#	HS-6	Description	UK MFN rate (%)	UK tariff for PAK*, 2021 (%)	Total creation	Total trade effect	Trade creation as % of total trade effect
1	100620	Husked or brown rice	3.6* new duty sim = 100	3.6	(68,777.5)	(97,183.6)	70.8
2	630222	MMF printed bedlinen (excl. knitted or crocheted)	9	0	(38,608.0)	(42,022.5)	91.9
3	220710	Undenatured ethyl alcohol	29.2	0	(16,717.8)	(16,717.8)	100.0
4	630231	Cotton bedlinen (excl. printed, knitted or crocheted)	12	0	(12,986.1)	(20,041.2)	64.8
5	620342	Cotton men's trousers, bib / brace overalls, etc.	12	0	(11,353.6)	(23,266.9)	48.8
6	610349	Textile material men's trousers, bib / brace overalls, etc.	12	0	(10,635.4)	(10,635.4)	100.0
7	611020	Cotton jerseys, pullovers, cardigans, waistcoats, knitted or crocheted	12	0	(9,069.9)	(22,374.2)	40.5
8	630260	Toilet & kitchen linen, of terry towelling or similar terry fabrics of cotton	12	0	(6,767.4)	(13,862.5)	48.8
9	620462	Cotton women's trousers, bib / brace overalls, etc.	12	0	(6,671.1)	(13,862.0)	48.1
10	630229	Printed bed linen of textile materials (excluding cotton & MMF, knitted or crocheted)	12	0	(6,112.4)	(6,112.4)	100.0
	<b>Total</b>				<b>(187,699.2)</b>	<b>(266,078.5)</b>	<b>70.5</b>

Note: \*Average effectively applied tariff at the HS-6 level, which is a simple average of all minimal National Tariff Lines rates under the specified HS-6, applied by UK on Pakistani products.



**Table 4.3. Top ten most vulnerable products to trade diversion**

HS-6	Description	Trade diversion (US\$ 000)
100620	Husked or brown rice	(28,406.1)
611020	Cotton jerseys, pullovers, cardigans, knitted or crocheted	(13,304.3)
620342	Men's trousers, bib, brace overalls, shorts, of cotton	(11,913.3)
610910	T-shirts, singlets, other vests of cotton, knitted	(9,045.2)
620462	Women's trousers, bib, brace overalls, shorts of cotton	(7,190.9)
630260	Toilet & kitchen linen, of terry fabrics of cotton	(7,094.9)
630231	Cotton bed linen (excl. printed, knitted or crocheted)	(7,055.2)
610342	Men's trousers, bib, shorts of cotton, knitted	(4,844.9)
611030	MMF jerseys, pullovers, cardigans, knitted	(4,809.1)
630232	Bed linen of MMF (excl. printed, knitted or crocheted)	(4,720.9)
<b>Total</b>		<b>(98,384.8) 55.2% of total TD</b>

**Table 4.4. Top 12 countries benefiting from trade diversion**

Country	Trade diversion (US\$ 000)	% of total trade diversion
India	45,762.6	25.7
China	45,031.7	25.3
Bangladesh	33,711.3	18.9
Turkey	21,745.5	12.2
Cambodia	6,437.2	3.6
Vietnam	4,599.9	2.6
Sri Lanka	2,967.8	1.7
Myanmar	2,095.5	1.2
United States	1,755.3	1.0
Egypt	1,726.0	1.0
Indonesia	1,414.2	0.8
Thailand	1,303.1	0.7
<b>Total</b>	<b>168,550.1</b>	<b>94.7</b>

Since Pakistan currently enjoys low tariffs due to being a beneficiary of the Enhanced Framework GSP, the gain in export value from complete liberalisation of Pakistani products in the UK would only be US\$48,800.

Trade effects take place for only ten products, as shown in Tables 4.8 and 4.9

**Scenario 4: From GSP Enhanced to full liberalisation of Pakistani products in the UK under a PK–UK FTA, and from GSP to full liberalisation of Indian products in the UK under an IND–UK FTA**

Scenario 4 involves full liberalisation of both Pakistani and Indian products in the UK market. The results from Scenario 3 revealed a gain of US\$48,800 for Pakistan. Meanwhile, in Scenario 4, Pakistan gains US\$42,500, implying that if the UK signs an FTA with India as well, then Pakistan would lose US\$6,300 only. India's export gain from its FTA with the UK stands at US\$654.5 million.

Trade effects take place for India in 2215 HS-6 product lines, whose average applied duty in the UK is 5.74 per cent, while for Pakistan, trade effects occur in ten products, whose average applied duty rate is 3.5 per cent.

**Scenario 5A: From MFN to full liberalisation of UK products in Pakistan under a PK–UK FTA**

**Scenario 5B: From MFN to full liberalisation of UK products in Pakistan under a PK–UK FTA, and from CPFTA Phase-I to full liberalisation of Chinese products in Pakistan under CPFTFA Phase-II**

Scenarios 5A and 5B are simulated to determine how much imports from the UK to Pakistan would rise in the case of a Pakistan–UK FTA. Scenario 5A only considers a Pakistan–UK FTA, while Scenario 5B

Table 4.5. Simulation results of change in GSP status for Pakistan from GSP Enhanced to GSP for Pakistan's top ten exporting sectors to the UK (2020)

HS-2 Codes & description	PK-X-UK	MFN	Eff. App. for PAK	GSP	WITS simulation results Scenario: GSP Enhanced to GSP for PK (US\$ 000)				
	US\$ MLN	%			TC	TD'	Total TE	Change in UK tariff revenue	UK Consumer Surplus'
63 – Other made-up textile articles, worn clothing, etc.	531.4	10.21	0.21	8.21	(67,948.7)	(26,599.3)	(94,548.0)	33,093.7	(5,260.4)
61 – Articles of apparel & clothing accessories, knitted	493.1	11.77	0	9.41	(53,201.9)	(51,510.7)	(104,712.6)	61,461.9	(3,741.4)
62 – Articles of apparel & clothing accessories, not knitted	278.6	11.48	0	9.18	(24,563.4)	(27,176.3)	(51,739.7)	36,948.8	(1,860.5)
10 – Cereals	116.6	12.25	12.25	12.25	-	-	-	-	-
52 – Cotton	35.6	2.93	0	2.35	(1,596.4)	(364.9)	(1,961.3)	702.5	(47.6)
42 – Articles of leather, saddlery, handbags, etc.	32.7	3.63	0	0.78	(225.3)	(273.2)	(498.5)	620.8	(7.9)
90 – Optical, photographic, etc. measuring, medical	30.9	0.17	0	0.02	(0.15)	(0.26)	(0.41)	0.20	(0.001)
08 – Edible fruit & nuts, peel of citrus fruit or melons	26.4	8.68	2.77	6.62	(548.1)	(747.8)	(1,295.9)	549.6	(12.7)
94 – Furniture bedding, mattresses, cushions, etc.	24.1	1.02	0	0	-	-	-	-	-
22 – Beverages, spirits & vinegar	18.4	4.07	1.53	3.64	(929.6)	(73.9)	(1,003.5)	1,470.5	(17.2)
<b>Total/Avg.</b>	<b>1,587.8 92% of PK-TX-UK</b>	<b>Avg. 6.62</b>	<b>Avg. 1.68</b>	<b>Avg. 5.25</b>	<b>(149,013.6)</b>	<b>(106,746.4)</b>	<b>(255,759.9)</b>	<b>134,848.0</b>	<b>(10,947.7)</b>

Note: See Annex B for product-wise TC, TD, TTE, applied and new duty rates for top three sectors.  
TC = trade creation; TD = trade diversion; TE = trade effect; TTE = total trade effect.

**Table 4.6. Top ten countries gaining from the change in preference status for Pakistan from GSP Enhanced to GSP (US\$ '000)**

<b>Chapter 63</b>			
Partner country	Exports before	Exports after	Export change
China	5,261,542.7	5,274,307.4	12,764.9
India	224,089.9	230,194.8	6,104.9
Bangladesh	75,968.5	79,314.7	3,346.2
Turkey	130,879.2	133,892.9	3,013.7
Egypt, Arab Rep.	6,848.4	7,318.5	470.1
Vietnam	77,366.2	77,621.7	255.4
United States	62,028.9	62,130.2	101.3
Israel	2,466.9	2,545.3	78.4
Hong Kong, China	109,773.0	109,850.6	77.6
Thailand	6,942.5	7,016.9	74.4
<b>Total</b>	<b>5,957,906.2</b>	<b>5,984,192.9</b>	<b>26,286.8 98.8% of TD</b>
<b>Chapter 61</b>			
China	1,925,675.2	1,939,149.4	13,474.2
Bangladesh	1,616,094.9	1,628,336.0	12,241.1
Turkey	1,092,394.7	1,102,369.4	9,974.7
Cambodia	516,138.2	520,306.9	4,168.7
India	521,024.3	524,557.2	3,532.9
Vietnam	203,493.8	205,517.2	2,023.4
Sri Lanka	254,181.5	255,408.5	1,227.0
Myanmar	117,494.3	118,510.6	1,016.3
Indonesia	58,721.9	59,284.8	563.0
United States	33,208.2	33,497.8	289.7
<b>Total</b>	<b>6,338,426.9</b>	<b>6,386,937.7</b>	<b>48,510.8 94.2% of TD</b>
<b>Chapter 62</b>			
Bangladesh	1,171,529.9	1,181,808.2	10,278.3
China	4,274,331.8	4,280,131.4	5,799.7
Turkey	524,566.6	527,404.8	2,838.1
India	448,355.0	450,119.3	1,764.2
Sri Lanka	218,622.0	219,668.8	1,046.8
Vietnam	304,374.7	305,418.4	1,043.7
Cambodia	225,738.3	226,549.1	810.8
Egypt, Arab Rep.	40,908.2	41,454.5	546.4
Myanmar	168,902.7	169,416.1	513.5
Indonesia	84,448.7	84,762.9	314.3
<b>Total</b>	<b>7,461,777.9</b>	<b>7,486,733.5</b>	<b>24,955.7 91.8% of TD</b>

**Table 4.7. Change in Pakistan's exports (trade creation and trade diversion effects) under a FTA arrangement with the UK (US\$ 000)**

Trade creation	Trade diversion	Total trade effects	Change in UK tariff revenue	Consumer surplus (UK)
34.0	14.8	48.8	(11.2)	0.8

**Table 4.8. The ten products with trade creation effects for Pakistan in the UK (US\$ 000)**

#	HS-6	Description	UK MFN rate (%)	UK tariff (eff. applied) for PAK, 2021 (%)	Total creation	Total trade effect	Trade creation as % of total trade effect
1	930700	Swords, cutlasses, bayonets, lances, etc.	0	0	24.3	26.1	93.1
2	030617	Frozen shrimps and prawns, even smoked, shelled or not	12	3.4	4.6	11.0	41.8
3	170220	Maple sugar, in solid form, & maple syrup	4	4	1.4	3.5	40.0
4	410449	Hides and skins of bovine	0	0	1.2	1.5	80.0
5	210610	Protein concentrates & substances	6	6	1.1	4.3	25.6
6	410692	Hides and skins of antelopes, deer, elks, elephants, etc.	2	2	0.9	1.0	90.0
7	080620	Dried grapes	2	0.5	0.2	0.5	40.0
8	410530	Skins of sheep or lambs, in the dry state 'crust', without wool on	1	1	0.2	0.2	100.0
9	080550	Fresh or dried lemons	10	2	0.2	0.4	50.0
10	410622	Hides and skins of goats or kids, in the dry state 'crust', without wool on	0	0	0.1	0.2	50.0
	<b>Total</b>				<b>34.2</b>	<b>48.7</b>	<b>70.2</b>

**Table 4.9. Top ten most vulnerable products to trade diversion (US\$ 000)**

HS-6	Description	Trade diversion
030617	Frozen shrimps and prawns, even smoked, shelled or not	6.3
210610	Protein concentrates & substances	3.2
170220	Maple sugar, in solid form, & maple syrup	2.1
930700	Swords, cutlasses, bayonets, lances, etc.	1.9
410449	Hides and skins of bovine	0.3
080620	Dried grapes	0.3
080550	Fresh or dried lemons	0.3
410692	Hides and skins of antelopes, deer, elks, elephants, etc.	0.2
410622	Hides and skins of goats or kids, in the dry state 'crust', without wool on	0.2
410530	Skins of sheep or lambs, in the dry state 'crust', without wool on	0.1
<b>Total</b>		<b>14.8</b>

**Table 4.10. Change in exports of Pakistan and India (Trade Creation and Trade Diversion Effects) of FTA arrangement with UK of both countries (US\$ 000)**

Trade creation		Trade diversion		Total trade effects		Change in UK tariff revenue	Consumer surplus (UK)
324,948.8		329,555.6		654,504.4		(317,115.4)	12,728.3
IND	PAK	IND	PAK	IND	PAK		
324914.8	34.0	329,547.1	8.5	654,461.9	42.5		

also takes into account the China–Pakistan Free Trade Agreement that is already in effect.

Table 4.11 presents the results of both the simulations. The results from Scenario 5A show that Pakistan's imports from the UK would increase by US\$80.2 million in the absence of a China–Pakistan Free Trade Agreement (CPFTA). Scenario 5B reveals a diversion of US\$6.2 million worth of Pakistan's imports from the UK to China due to the CPFTA.

Pakistan's imports from the UK would significantly increase in iron and steel products, rubber products, prepared foodstuff, medicaments, etc.

Table 4.14 shows countries from whom Pakistan's imports would be diverted toward the UK.

#### **Pros and cons of a PK–UK FTA to Pakistan**

Tables 4.15, 4.16 and 4.17, show that Pakistan would have a net negative benefit (loss) from switching from GSP Enhanced to an FTA with the UK, since an FTA would imply greater

Pakistan's imports from UK and revenue loss. Nevertheless, it is important to take into account the risk of losing GSP Enhanced and becoming beneficiary of the GSP General Framework, and the increasing number of FTAs UK is in the process of signing with Pakistan's competitors. This would place Pakistan in the most disadvantaged position.

## **4.2. Identification of sectors and products with potential using ITC Export Potential Map and Max. Potential Gap**

### **Export potential at the sub-sectoral level – EPM analysis**

The ITC's Export Potential Indicator (EPI) identifies established sectors that are internationally competitive and have a good prospect of success in the target market.

**Table 4.11. Change in the UK's exports (trade creation and trade diversion effects) from Pakistan under full liberalisation because of a PAK-UK FTA (US\$ 000), and those of UK and China from Pakistan under full liberalisation because of a PAK-UK FTA and the CPFTA**

Scenario	Trade creation	Trade diversion	Total trade effects	Change in PAK tariff revenue	Consumer surplus (PAK)
5A – UK	42,556.8	37,622.0	80,178.8	(37,825.6)	6,547.3
5B – UK	42,556.8	31,495.0	74,051.8 3.04% of TTE	(1,078,958.1)	187,895.2
5B – CHN	2,048,113.7	314,031.8	2,362,145.4 96.96% of TTE		
5B – Total	2,090,670.5	345,526.8	2,436,197.2		

**Table 4.12. Top ten products with highest trade creation effects in Pakistan for the UK (US\$ 000)**

#	HS-6	Description	Total creation	Total trade effect		Trade creation as % of total trade effect	
				Scenario 5A	Scenario 5B	Scenario 5A	Scenario 5B
1	760200	Aluminium waste & scrap	9,360.6	10,476.6	10,475.6	89%	89%
2	720449	Iron, steel waste & scrap	4,109.2	13,239.2	13,235.1	31%	31%
3	848180	Appliances for pipes, boiler shells, tanks, etc.	1,360.0	2,991.6	2,635.9	45%	52%
4	870324	Motor cars designed for transport of people	1,331.8	1,957.7	1,957.7	68%	68%
5	350691	Polymer adhesives or rubber	1,191.8	1,264.1	1,236.8	94%	96%
6	382200	Diagnostic reagents on backing	1,027.7	2,545.5	2,311.6	40%	44%
7	190410	Prepared foods obtained by cereals, e.g., corn flakes	1,005.6	1,170.7	1,157.5	86%	87%
8	300490	Medicaments, of mixed/unmixed products for therapeutic purposes	768.9	2,319.3	2,275.5	33%	34%
9	261900	Iron, steel slag, dross, scaling	700.4	719.6	719.3	97%	97%
10	847130	Data-processing machines, automatic	631.0	1,174.2	1,174.2	54%	54%
	Total		21,487.1	37,858.6	37,179.3	57%	58%

The EPI identifies potential export values from supply capacities in the exporting country, demand conditions in the target market and bilateral linkages between the two. Any gap between what countries could export and what they actually do export is then argued to result from factors

that trade advisors may address together with local companies, such as, for example, lacking information about the rules and regulations of the target market or difficulties in complying with them or in meeting the (quality) preferences of its consumers.<sup>6</sup>

**Table 4.13. Top ten most vulnerable products to trade diversion for the UK (US\$ 000)**

HS-6	Description	Trade diversion		Total trade effect		TD as % of total trade effect	
		Scenario 5A	Scenario 5B	Scenario 5A	Scenario 5B	Scenario 5A	Scenario 5B
720449	Iron, steel waste & scrap	9,130.0	9,125.9	13,239.2	13,235.1	69%	69%
848180	Appliances for pipes, boiler shells, tanks, etc.	1,631.6	1,276.0	2,991.6	2,635.9	55%	66%
300490	Medicaments, of mixed/unmixed products for therapeutic purposes	1,550.4	1,506.7	2,319.3	2,275.5	67%	56%
382200	Diagnostic reagents on backing	1,517.8	1,283.9	2,545.5	2,311.6	60%	48%
760200	Aluminum waste & scrap	1,116.0	1,115.0	10,476.6	10,475.6	11%	11%
840890	Compression-ignition internal combustion piston engine 'diesel or semi-diesel engine'	756.3	(not in top 10)	1,066.9	(not in top 10)	71%	(not in top 10)
870324	Motor cars & vehicles principally designed for persons transport	625.9	625.9	1,957.7	1,957.7	32%	32%
630900	Worn clothing	571.5	518.0	929.0	875.5	62%	46%
847130	Data-processing machines, automatic	543.3	543.2	1,174.2	1,174.2	46%	59%
210690	Food preparations, n.e.s.	515.5	499.5	845.0	829.0	61%	60%
291639	Aromatic monocarboxylic acids	(not in top 10)	354.4	(not in top 10)	741.1	(not in top 10)	48%
<b>Total</b>		<b>17,958.3</b> <b>48% of total TD</b>	<b>16,848.4</b> <b>53% of total TD</b>	<b>37,545.1</b>	<b>36,511.3</b>	<b>48%</b>	<b>46%</b>

Untapped export potential could be due to non-tariff barriers affecting particular products (including rules of origin),<sup>7</sup> or that the price and/or quality are not aligned with market demand, because of lack of or poor market intelligence, etc.

The indicator does not consider an exporting country's export strategies, promotion policies, etc., looking instead at the historical trend of the product's export to the target market. Hence, the assessment of export potential using ITC Export Potential Map methodology is conservative.

Table 4.18 identifies 18 subsectors that have an export potential to the UK worth about US\$568.1 million. The leading subsectors are apparel and home textiles.

#### **Export potential at the HS-6 product level – EPM and GAP analyses**

Using the ITC EPM methodology, Table 4.19 identifies 24 top products at the HS-6-digit level in which EPI indicates potential worth more than or equal to US\$5 million. None of the products

**Table 4.14. Top 12 countries from whom trade is diverted to the UK – Scenario 5A**

Country	Trade diversion (US\$ 000)	% of total trade diversion
China	-9,169.9	24%
United States	-5,155.4	14%
UAE	-3,229.2	9%
Germany	-1,873.9	5%
Japan	-1,362.7	4%
Italy	-1,193.7	3%
Unspecified	-1,106.6	3%
Switzerland	-842.6	2%
Netherlands	-827.0	2%
Korea, Rep.	-781.6	2%
Singapore	-768.1	24%
Thailand	-743.4	14%
<b>Total</b>	<b>(27,054.2)</b>	<b>72%</b>

identified is a Rising Star product. Most are either Falling Star or Retreat products, while a few are Lost Opportunity products, indicating low prospects of enhancing exports in top lines identified by ITC EPI. The ITC EPI indicates that there is potential worth about US\$405.7 million in these top lines. However, the maximum gap between demand and supply (taking into account and removing actual exports) is US\$2.6 billion. The GAP analysis ranks agree with the ranking of very few lines identified by EPI.

Pakistan's world export of these lines is worth US\$7.6 billion and the UK's import is worth US\$10.5 billion. Pakistan's exports to UK in these tariff lines is only US\$500.4 million.

Table 4.20 provides the list of products in which GAP method measures the export potential of a product greater than or equal to US\$50 million. UK world demand amounts to US\$50.5 billion and Pakistan's world exports amount to US\$8.1 billion.

**Table 4.15. If UK imposes MFN on Pakistan, then PK-UK FTA (Scenarios 1+3+5B)**

Gains for PK		Loss for PK	
Exports	460,628.7+48.8=460,677.5	Import bill	(74,051.8)
Consumer surplus*	3.04% of 187,895.2=5,712.0	Revenue loss*	3.04% of (1,078,958.1)=(32,796.5)
Total gain	466,389.5	Total loss	(106,848.3)
<b>Net benefit</b>	<b>359,541.2</b>		

\*Excluding effects of CHN

**Table 4.16. If UK lowers status from GSP Enhanced to GSP on Pakistan, then PK-UK FTA (Scenarios 2+3+5B)**

Gains for PK		Loss for PK	
Exports	255,759.9+48.8=255,808.7	Import bill	(74,051.8)
Consumer surplus*	3.04% of 187,895.2=5,712.0	Revenue loss*	3.04% of (1,078,958.1)=(32,796.5)
Total gain	261,520.7	Total loss	(106,848.3)
<b>Net benefit</b>	<b>154,672.3</b>		

\*Excluding effects of CHN

**Table 4.17. If current GSP Enhanced converted to PK-UK FTA (Scenarios 3+5B)**

Gains for PK		Loss for PK	
Exports	48.8	Import bill	(74,051.8)
Consumer surplus*	3.04% of 187,895.2=5,712.0	Revenue loss*	3.04% of (1,078,958.1)=(32,796.5)
Total gain	5,760.8	Total loss	(106,848.3)
<b>Net benefit</b>	<b>(101,087.5)</b>		

\*Excluding effects of CHN



**Table 4.18. Subsectors with export potential to the UK**

Potential ranking	Subsector	PK-X-POT-2-UK US\$ million
EPM*		
1	Apparel	198.0
2	Home textiles	95.0
3	Textile products, nes.	52.0
4	Fruits	44.0
5	Skins, leather & products thereof	42.0
6	Rice	40.0
7	Misc. manufactured products	15.0
8	Vegetables	12.0
9	Footwear	11.0
10	Fish & shellfish	11.0
11	Plastics & rubber	10.0
12	Beverages – alcoholic	7.1
13	Machinery, electricity	6.7
14	Synthetic textile fabric	6.6
15	Pharma components	6.2
16	Cotton fabric	6.0
17	Spices	3.8
18	Sugar	1.7
	<b>Total</b>	<b>568.1</b>

There are 19 tariff codes in the tables that are shaded, as these were not identified by ITC EPI.

There are four Rising Star products and five Lost Opportunity products among these lines. Once again, we observed several Falling Stars and Retreats.

### 4.3. Export Product Dynamics (EPD) Matrix

Using the methodology of EPD Matrix, tariff lines were positioned into Rising Star (RS), Falling Star (FS), Lost Opportunity (LO), Retreat (RT), Untapped (UNT), etc. The number of tariff lines placed under each product segment – along with trade information – is given in Table 4.21.

Tables 4.22, 4.23, 4.24, 4.25 and 4.26 map the performance of Pakistan's products set against the performance of its competitors.

The database of identified products and their positioning in various product segments vis-à-vis competitors in the UK will contribute to policy formulation for increasing and diversifying Pakistan's exports to the UK. The mapped matrices provide a genesis for identifying industries that export the products, thereby facilitating the construction of interventions at the industry level. For more effective interventions, the database of products can help prioritise products for interventionist measures. This provides an informed basis for trade negotiators in negotiating Pakistan–UK FTA. See Annex A for list of product lines segmentation vis-à-vis competitors.

The first mapping table plots Pakistan's Rising Star products alongside its competitors. Industries/firms mapped by these products can be used as model entities for marketing and production approaches, and for their organisational structure. Their approaches may be replicated and adapted for application in products categorised in Lost Opportunity. Products in which the UK is not a major producer, can be included in the 'liberalised list' in FTA negotiations.

The 128 Rising Star products constitute US\$2.1 billion worth of Pakistan's exports and US\$36.1 billion worth of the UK's imports. Of the three competitors, Pakistan faces greatest threat from Vietnam in the UK market. Although Vietnam has fewer Rising Stars than India and faces higher average tariffs, the coverage of these 50 products in terms of UK world imports, Pakistan world exports, Pakistan exports to the UK, Vietnam's world exports and its exports to the UK is the highest.

Pakistan has an opportunity to seize market shares of products from its competitors which are placed in other product segments. For instance, Pakistan's exports to the UK of these 128 products amounts to US\$337.3 million, while the UK's imports from India stands at US\$529.1 million. Nevertheless, more than half of UK imports from India experienced a negative CAGR, while they also face much higher tariffs. Pakistan's exports in India's Lost Opportunity lines are worth US\$1.2 billion, while the UK's imports stand at US\$20.5 billion.

Table 4.19. Export potential ranking at the product level using EPM (ITC)

Product potential ranking			HS-6 Code	Product description	Product segment	MFN-UK	Rate for PK	PK-X-UK	PK-WRLD-X	UK-WRLD-M	PK-X-POT (US\$ million)	
EPM*	GAP	EPM									GAP	
1	611510	100	6115XX	Hosiery, knit/crochet	FS	12	0	11.4	130.3	28.2	51	16.8
	611521	2497			RT	-	0.00	44.5	0.002			
	611522	487			RT	0.01	1.5	24.2	1.5			
	611529	665			RT	0.02	0.8	29.2	0.8			
	611530	281			FS	3.3	26.7	7.5	4.2			
	611599	50			LO	10.3	142.0	329.4	35.4			
	611595	8			RT	0.6	29.1	96.2	131.7			
	611596	64			RT	4.7	48.8	40.2	28.4			
2	17		630231	Bed linen of cotton (excluding printed, knitted)	FS	12	0	101.6	923.8	205.0	37	103.3
3	13		630260	Toilet & kitchen linen, of terry fabrics of cotton	FS	12	0	80.3	776.5	197.1	34	116.8
4	4		100630	Semi- or wholly-milled rice	LO	17	17	25.0	1,532.9	293.2	29	268.2
5	18		630710	Cleaning cloths	LO	8	0	19.8	400.8	105.5	28	85.7
6	5		610910	Cotton T-shirts, vests, knit	FS	12	0	35.9	252.6	1,636.5	28	216.7
7	080510	262	0805XX	Citrus fruits, nes, fresh or dried	UNT	10.5	10.5	-	4.8	250.4	26	4.8
	080521	42				16	16	-	41.8	205.0		41.8
	080529	45				16	16	-	142.0	39.9		39.9
	080550	604				10	2	-	0.97	198.0		0.97
	080590	162				12	0	-	15.9	9.1		9.1
8	14		420310	Apparel of composition leather, nes	RT	4	0	15.7	237.5	129.9	19	114.3
9	21		620462	Women's trousers & shorts of cotton	RT	12	0	4.8	89.3	756.1	18	84.5
10	56		420329	Gloves of composition leather	RT	7	0	8.1	225.2	41.8	17	33.7

11	29	610711	Men's underpants, briefs of cotton, knit/crochet	FS	12	0	0.5	63.0	217.3	14	62.5
12	51	630629	Tents, nes.	LO	12	0	0.4	92.9	35.5	13	35.1
13	37	100640	Broken rice	LO	18	18	0.02	259.1	48.6	11	48.6
14	46	950662	Inflatable balls	RT	2	0	7.9	124.7	47.6	10	39.8
15	7	610990	T-shirts, vests, knit, nes.	RT	12	0	9.8	154.2	644.9	9.6	144.4
16	640312	1944	Footwear, rubber/plastic soles & leather uppers, nes.	RT	8	0	0.0	0.02	0.4	8.2	0.02
	640319	839		NC			0.01	0.5	130.4		0.4
	640320	169		RT			1.4	16.5	10.0		8.7
	640340	-		OTH			0.00	0.00	147.6		-
	640351	2001		NC			-	0.02	92.0		0.02
	640359	850		FS			0.2	0.7	195.0		0.4
	640391	223		RT			0.5	6.6	551.1		6.1
	640399	24		FS			3.2	79.4	1,317.4		76.2
17	-	630210	Bed linen, knit/crochet	LO	12	0	55.2	726.1	37.5	8	ERROR
18	19	610510	Men's cotton shirts, knit/crochet	RT	12	0	21.3	106.7	282.6	7	85.4
19	76	611120	Babies' cotton garments & accessories, knit	FS	10	0	5.7	29.0	425.6	6.8	23.4
20	22	611610	Gloves with plastics, rubber, knit	RS	8	0	16.9	200.3	99.7	6.5	82.8
21	2	620342	Men's cotton trousers, breeches and shorts	RT	12	0	30.5	327.1	731.1	6.5	296.6
22	31	080410	Dates, fresh or dried	LO	6	0	4.8	60.3	77.5	6.1	55.5
23	3	220710	Undenatured ethyl alcohol	OTH	29	0	18.3	303.6	329.2	6.1	285.3
24	62	610462	Women's trousers & shorts of cotton, knit	LO	12	0	2.2	31.9	463.4	5.9	29.7
		<b>Total</b>					<b>500.4</b>	<b>7,605.9</b>	<b>10,551.4</b>	<b>405.7</b>	<b>2,619.5</b>
Products whose potential to actual export gap is >= US\$5 million											

\*Using ITCEPM, the products in this study are not ranked by the total exports (actual exports+potential exports), but by the potential to actual exports gap.

Table 4.20. Export potential ranking at the product level using GAP

Product potential ranking	HS-6 Code	Product description	Product segment	MFN-UK	Rate for PK	PK-X-UK	PK-WRLD-X	UK-WRLD-M	PK-X-POT
GAP				%		US\$ million (2020)			GAP
1	901890	Medical/surgical Instruments, n.e.s.	LO	0.0	0.0	29.9	361.30	2,165.4	331.4
2	620342	Men's cotton trousers, breeches, shorts	RT	12.0	0.0	30.5	327.15	731.1	296.6
3	220710	Undenatured ethyl alcohol	OTH	29.2	0.0	18.3	303.61	329.2	285.4
4	100630	Semi-milled or wholly milled rice	LO	17.0	17.0	25.0	1,532.88	293.2	268.2
5	610910	Cotton T-shirts, vests, knitted	FS	12.0	0.0	35.9	252.61	1,636.5	216.8
6	100620	Husked or brown rice	RS	3.6	3.6	91.6	307.20	277.5	185.8
7	610990	T-shirts, vests of textile materials, knitted	RT	12.0	0.0	9.8	154.20	644.9	144.4
8	611595	Full- or knee-length stockings, socks, hosiery	RT	12.0	0.0	10.3	142.04	329.4	131.7
9	390761	PET, in primary forms	RT	6.0	0.0	0.1	147.07	125.9	125.9
10	070310	Fresh or chilled onions & shallots	LO	8.0	0.0	-	124.03	194.9	124.0
11	020110	Carcasses or half-carcasses of bovine animals, fresh or chilled	NC	40.7	40.7	-	187.56	122.2	122.2
12	270900	Petroleum oils, oils obtained from bituminous minerals, crude	NC	0.0	0.0	-	119.12	15,623.5	119.1
13	630260	Toilet and kitchen linen, of terry fabrics of cotton	FS	12.0	0.0	80.3	776.51	197.1	116.8
14	420310	Articles of apparel, of leather or composition leather	RT	4.0	0.0	15.7	237.54	129.9	114.3
15	940490	Articles of bedding, fitted with springs	FS	2.0	0.0	22.3	129.68	398.8	107.3
16	300490	Medicaments	RT	0.0	0.0	0.2	105.61	12,379.1	105.5
17	630231	Cotton bed linen (excl. printed, knitted)	FS	12.0	0.0	101.6	923.83	205.0	103.3
18	630710	Floorcloths, dishcloths, dusters, of textile materials	LO	8.0	0.0	19.8	400.78	105.5	85.7
19	610510	Men's cotton shirts, knitted	RT	12.0	0.0	21.4	106.74	282.6	85.4
20	610469	Women's trousers, breeches & shorts of textile materials	FS	12.0	0.0	11.1	96.46	103.8	85.4
21	620462	Women's trousers, breeches and shorts of cotton	RT	12.0	0.0	4.8	89.35	756.1	84.5

22	611610	Gloves, mittens impregnated, coated with plastics or rubber, knitted	RS	8.0	0.0	16.9	200.30	99.7	82.8
23	080450	Fresh or dried guavas, mangoes & mangosteens	FS	0.0	0.0	20.7	101.46	163.4	80.7
24	640399	Footwear with outer soles of rubber, plastics or composition leather	FS	7.5	0.0	3.2	79.42	1,317.4	76.2
25	300439	Medicaments	UNT	0.0	0.0	-	72.06	918.5	72.1
26	271019	Medium oils & prep.	RT	1.1	0.0	-	69.78	8,439.6	69.8
27	070190	Fresh or chilled potatoes	NC	8.0	0.0	-	68.40	128.8	68.4
28	030617	Frozen shrimps & prawns, even smoked	FS	12.0	3.4	0.1	68.36	401.3	68.3
29	610711	Men's underpants & briefs of cotton, knitted	FS	12.0	0.0	0.5	62.98	217.3	62.5
30	611020	Cotton jerseys, pullovers, cardigans, knitted	RS	12.0	0.0	10.9	66.81	1,219.8	55.9
31	080410	Fresh or dried dates	LO	6.0	0.0	4.8	60.26	77.5	55.5
32	250100	Salts	FS	0.9	0.0	4.9	59.66	97.2	54.8
33	630900	Worn clothing, accessories, etc.	FS	4.0	0.0	1.4	198.43	54.6	53.2
34	850239	Generating sets	FS	0.0	0.0	0.0	92.13	51.2	51.2
35	610342	Men's trousers, breeches & shorts of cotton, knitted	RS	12.0	0.0	7.6	58.40	297.5	50.8
	<b>Total</b>					<b>599.7</b>	<b>8,083.7</b>	<b>50,515.6</b>	<b>4,141.7</b>

Includes top products whose export potential is >= US\$50 million Shaded HS-6 codes indicate these 19 lines are not present in EPM Analysis

**Table 4.21. Trade statistics and potential of products under various product segments**

Product segment	# Tls	PK-X-UK	UK-WRLD-M	PAK-WRLD-X	EPM untapped potential with HS6 codes	GAP potential
	HS-6	US\$ million – 2020			US\$ million	
Rising Star	128	337.3	36,100.0	2,068.3	6.5 (HS-611610)	894.9
Falling Star	241	529.7	39,759.5	4,585.5	179 (HS-611120, 6403XX, 610711, 610910, 630260, 630231, 6115XX)	1,822.2
Lost Opportunity	185	170.3	38,132.1	4,443.2	152 (HS-610462, 080410, 630210, 100640, 630629, 630710, 100630, 611599)	1,481.7
Retreat	366 (Excluding HS-999999)	655.1	84,733.1	7,566.5	146.3 (HS-620342, 610510, 6403XX, 610990, 950662, 420329, 620462, 420310, 6115XX)	1,518.9
Untapped	302	2.1	37,511.2	1,152.8	26 (HS-0805XX)	681.1
Non-Complementarity in GRs	812	9.9	99,215.7	1,374.4	8.2 (HS-6403XX)	983.4
Others	673	18.8	65,429.3	758.4	14.3 (HS-220710, 640340)	432.1
<b>TOTAL</b>	<b>2,708</b>	<b>1,723.2</b>	<b>400,880.90</b>	<b>21,949.1</b>		<b>7,814.3</b>

An in-depth assessment and stakeholder consultation on the Lost Opportunity product lines must be conducted to create a more informed database for effective targeted interventions. The identification of these lines will enable trade negotiators to flag the adverse impact of other preferential or free trade agreements on Pakistan's exports and will strengthen the case to investigate non-tariff barriers (NTBs) that may be impeding the growth of the exports of these lines. Trade negotiators can also study Pakistan's competitors' industries, allowing any interventionist measures and their export strategies to be analysed.

In Table 4.23 there is a greater threat from India among the three competitors, since there are the greatest number of products (88) that are Rising Stars for India, and the coverage in terms of Pakistan's world exports, UK world imports and UK imports from competitors is greater than for Bangladesh and Vietnam Rising Stars, although

India faces higher tariffs than Bangladesh and Pakistan in these 88 product lines.

Table 4.24 reveals that UK world imports of Pakistan's Untapped lines stands at US\$37.5 billion. India and Vietnam are better positioned to enhance their exports of these lines to the UK; however, India is in a better position than Vietnam to increase its exports to the UK, since India has world exports worth US\$7.3 billion as Rising Star products while Vietnam has US\$4.5 billion in world exports categorised as Rising Stars.

For Untapped products, their mapping onto respective industry/firms will aid policy-makers in evaluation of existing sets of interventions to identify what interventions have failed to work and to come up with more feasible incentives that can be given to help generate sustainable exports in these lines. Policies and incentives for industries by competitors among these lines in which they

Table 4.22. Positioning Pakistan's 128 Rising Star products vis-à-vis competitors

Competitor PS	HS-6	UK-WRLD-M	PK-WRLD-X	PK-X-UK	Comp-WRLD-X	UK-M-Comp.	Avg. MFN UK	Avg app. tariff for PAK	Avg app. tariff for comp.
	# Tls	US\$ million (2020)					%		
INDIA									
RS	58	14,942.0	865.5	119.6	5,853.7	236.4	5.3	0.6	3.7
LO	63	20,522.2	1,189.5	215.6	4,240.6	292.4	6.7	0.3	5.2
UNT	03	349.4	2.7	0.8	7.7	0.3	7.1	4.8	6.1
Blank	04	286.3	10.6	1.4	7.6	0.04	30.7	24.9	30.7
Total	128	36,099.9	2,068.3	337.3	10,109.5	529.1	6.9	1.3	5.7
BANGLADESH									
RS	44	11,487.5	982.7	183.1	1,396.7	111.9	8.6	0.7	0
LO	25	4,795.2	717.4	134.3	3,114.9	197.7	7.2	0.2	0
UNT	29	16,206.6	257.7	6.7	43.6	1.2	3.9	0.7	0
Blank	30	3,610.5	110.5	13.2	1.4	0.0	6.9	3.7	0
Total	128	36,099.9	2,068.3	337.3	4,556.6	310.8	6.9	1.3	0
VIETNAM									
RS	50	24,837.9	1,012.2	183.9	11,820.24	438.8	6.3	0.5	4.6
LO	39	8,193.0	804.0	138.1	6,592.3	164.5	6.3	0.3	5.0
UNT	18	1,639.5	93.7	9.7	98.0	0.4	6.5	2.3	5.9
Blank	21	1,429.5	158.3	5.7	139.6	0.1	9.6	4.2	7.7
Total	128	36,099.9	2,068.3	337.3	18,650.1	603.8	6.9	1.3	5.4

Table 4.23. Positioning Pakistan's 185 Lost Opportunity products vis-à-vis competitors

Competitor PS	HS-6	UK-WRLD-M	PK-WRLD-X	PK-X-UK	Comp-WRLD-X	UK-M-Comp.	Avg. MFN UK	Avg app. tariff for PAK	Avg app. tariff for comp.
	# Tls	US\$ million (2020)					%		
INDIA									
RS	88	24,090.7	3,559.4	148.5	14,408.9	386.1	4.5	0.6	3.8
LO	81	12,969.1	795.8	21.0	6,355.3	178.4	5.3	0.3	4.8
UNT	5	440.7	8.3	0.1	4.3	0.02	16.9	8.7	16.0
Blank	11	631.6	79.7	0.7	14.1	0.02	5.2	0.9	5.9
Total	185	38,132.1	4,443.2	170.3	20,782.6	564.5	5.2	0.7	4.7
BANGLADESH									
RS	34	10,687.5	2,071.4	39.7	2,752.1	231.6	9.1	1.1	0
LO	25	2,783.4	1,315.8	90.0	136.7	8.1	8.1	1.1	0
UNT	52	13,457.0	701.7	32.3	89.6	8.2	3.2	0.1	0
Blank	74	11,204.3	354.4	8.3	6.5	0.0	3.9	0.8	0
Total	185	38,132.1	4,443.2	170.3	2,984.8	247.9	5.2	0.7	0
VIETNAM									
RS	62	23,936.2	3,351.2	155.4	31,948.9	206.8	5.1	0.5	4.3
LO	41	7,217.4	158.0	5.7	2,675.4	17.6	5.9	0.1	3.8
UNT	47	4,867.0	711.2	2.9	959.8	0.9	4.4	0.8	3.8
Blank	35	2,111.5	222.8	6.3	205.9	0.2	5.3	1.6	5.5
Total	185	38,132.1	4,443.2	170.3	35,790.1	225.5	5.2	0.7	4.3



Table 4.24. Positioning Pakistan's 302 Untapped products vis-à-vis competitors

Competitor PS	HS-6	UK-WRLD-M	PK-WRLD-X	PK-X-UK	Comp-WRLD-X	UK-M-Comp.	Avg. MFN UK	Avg app. tariff for PAK	Avg app. tariff for comp.
	# Tls	US\$ million (2020)					%		
INDIA									
RS	108	16,320.3	492.2	1.0	7,264.4	270.5	3.3	0.7	2.4
LO	107	12,562.5	277.3	1.0	7,414.8	101.8	3.6	0.8	2.7
UNT	45	2,658.8	236.8	0.2	915.2	1.7	3.4	1.4	3.4
Blank	42	5,969.5	146.5	0.0	481.9	0.3	9.9	6.7	9.5
Total	302	37,511.2	1,152.8	2.1	16,076.4	374.4	4.3	1.7	3.6
BANGLADESH									
RS	6	3,598.6	9.3	0.1	59.8	3.7	12.3	4.8	0
LO	19	2,155.2	64.2	0.2	78.6	1.0	7.0	0	0
UNT	63	11,972.9	471.3	0.5	99.5	0.4	2.8	0.3	0
Blank	214	18,784.5	607.9	1.2	48.2	0.1	4.3	2.1	0
Total	302	37,511.2	1,152.8	2.1	286.1	5.2	4.3	1.7	0
VIETNAM									
RS	45	7,224.6	36.4	0.7	4,526.6	74.1	3.8	0.6	1.8
LO	45	8105.0	66.2	0.2	14,827.4	5.1	3.8	0.5	2.8
UNT	108	12,616.2	196.5	1.0	2,143.8	2.3	3.5	1.3	2.5
Blank	104	9,565.3	853.6	0.2	1,447.0	0.2	5.7	3.1	5.1
Total	302	37,511.2	1,152.8	2.1	22,944.8	81.9	4.3	1.7	3.3

Table 4.25. Positioning Pakistan's 241 Falling Star products vis-à-vis competitors

Competitor PS	HS-6	UK-WRLD-M	PK-WRLD-X	PK-X-UK	Comp-WRLD-X	UK-M-Comp.	Avg. MFN UK	Avg app. tariff for PAK	Avg app. tariff for comp.	
	# Tls	US\$ million (2020)					%			
INDIA										
FS	78	11,468.4	825.9	87.7		3,530.0	208.9	6.1	0.1	4.7
RT	146	28,179.9	3,647.6	428.0		18,570.1	1,167.7	7.1	0.1	6.0
Blank	17	111.2	112.0	13.9		49.8	0.1	5.0	0.4	5.1
Total	241	39,759.5	4,585.5	529.7		22,149.9	1,376.7	6.6	0.1	5.5
BANGLADESH										
FS	46	9,301.9	931.8	183.0		2,967.5	271.3	9.6	0.1	0
RT	66	14,849.4	2,905.5	302.6		13,261.8	1,150.0	8.6	0.1	0
Blank	129	15,608.2	748.3	44.0		62.4	0.5	4.5	0.1	0.12
Total	241	39,759.5	4,585.5	529.7		16,291.7	1,421.9	6.6	0.1	0.012
VIETNAM										
FS	67	16,110.8	1,704.5	165.7		9,027.9	220.5	5.9	0.1	4.1
RT	89	18,509.3	2,160.2	310.7		26,580.5	585.7	8.3	0.1	6.2
Blank	85	5,139.4	720.8	53.2		950.2	0.4	5.4	0.2	4.2
Total	241	39,759.5	4,585.5	529.7		36,558.6	806.6	6.6	0.1	4.9

Table 4.26. Positioning Pakistan's 366 Retreat products vis-à-vis competitors

Competitor PS	HS-6	UK-WRLD-M	PK-WRLD-X	PK-X-UK	Comp-WRLD-X	UK-M-Comp.	Avg. MFN UK	Avg app. tariff for PAK	Avg app. tariff for comp.
	# Tls	US\$ million (2020)					%		
INDIA									
FS	93	31,456.6	2,992.3	198.6	20,218.4	723.4	4.6	0.3	4.3
RT	229	36,401.4	4,031.7	450.7	37,895.4	1,116.8	5.0	0.0	4.4
Blank	44	6,232.6	493.5	5.8	1,139.8	6.2	4.8	0.9	4.8
Total	366	74,090.6	7,517.5	655.0	59,253.7	1,846.4	4.9	0.2	4.5
BANGLADESH									
FS	32	19,161.4	453.6	52.9	1,817.8	135.3	9.1	0	0
RT	68	15,755.7	3,784.4	535.9	13,377.2	821.0	9.0	0	0
Blank	266	39,173.4	3,279.5	66.2	259.3	1.2	3.4	0.3	0
Total	366	74,090.6	7,517.5	655.0	15,454.3	957.5	4.9	0.2	0
VIETNAM									
FS	78	29,840.1	835.3	48.4	15,638.5	212.4	5.3	0.1	3.9
RT	108	24,463.5	2,675.9	450.4	14,484.3	258.8	5.8	0.0	4.3
Blank	180	19,787.0	4,006.3	156.2	3,504.9	0.8	4.2	0.4	3.6
Total	366	74,090.6	7,517.5	655.0	33,627.7	472.1	4.9	0.2	3.9

are performing better (Rising Stars) can be studied and may be replicated. An assessment of the world demand, export potentials in the long run for these product lines would help determine interventions that could create a more diversified export base. FTA negotiators must ensure that these products are not only liberalised in the UK market, but more importantly, non-tariff barriers are also addressed.

Tables 4.25 and 4.26 position Pakistan's Falling Star and Retreat products vis-à-vis competitors. UK

imports of Falling Star products from all the three competitors is higher than Pakistan's exports to the UK. It is pertinent to seek more information on Falling Star and Retreat lines and further indicators to determine whether the demand for these lines in the UK will keep falling in the future. This will give an indication whether Pakistan needs to seek new markets for the product where its demand is growing, and instead add other dynamic products in its UK export basket.

## Notes

- 6 Decreux, Y and Spies, J (2016), 'Export Potential Assessments', available at: [https://umbraco.exportpotential.intracen.org/media/1089/epa-methodology\\_141216.pdf](https://umbraco.exportpotential.intracen.org/media/1089/epa-methodology_141216.pdf)

- 7 See Annex C for the rules of origin for identified export sectors and products with potential.



# Chapter 5

## Conclusion and the Way Forward

### 5.1. PAK–UK FTA

From the results in Section 4.1, the following options are available for Pakistan.

According to the quantitative analyses conducted in this study, the most favourable option for Pakistan, entailing maximum net benefit, is to retain UK's preferential tariff scheme, GSP Enhanced, instead of opting for an FTA with the UK in which Pakistan will be faced with a total loss of US\$101.1 million, after taking into account gains from exports and consumer surplus, and losses from import bills and revenue loss. However, if Pakistan loses GSP Enhanced status, then according to results from the WITS simulation, Pakistan will lose US\$255.7 million from falling under GSP General Framework. In this case, an FTA with UK would be beneficial and would lead to net benefit of US\$154.7 million. Nevertheless, if we are to compare the benefits of a FTA to MFN, since unilateral preferences can be revoked any time, then the FTA is the most viable option for Pakistan. Due to preferential arrangements being untenable, GSP beneficiary countries are also seeking an FTA arrangement with the UK. Bangladesh, which would be losing its Least Developed Country (LDC) status, is also now contemplating negotiating FTAs with its partner countries instead of seeking preferential arrangements like GSP.

Under the UK GSP Enhanced Framework, a country may be 'suspended' if it is no longer vulnerable, or if it no longer complies with commitments on implementation of the 27 Conventions. UK GSP imports from Pakistan averaged 11.5 per cent in the last three full years (2018–20), exceeding the qualifying threshold of 9.0 per cent. As a result, 67–87 per cent of UK imports from Pakistan could lose tariff preferences, moving to paying a tariff averaging 6.2 per cent. However, the UK is actively reviewing its GSP regime, including potentially a rise in this threshold. The threshold would need to be at least 12 per cent, but ideally 15 per cent, to allow Pakistan to remain eligible for UK enhanced GSP.<sup>8</sup>

Therefore, the Pakistani government could discuss with the UK government about raising the import criteria threshold in the GSP Enhanced Framework. In case the threshold is not raised and Pakistan loses its GSP Enhanced status, then the Pakistani government could discuss about extending the provisions of the GSP Enhanced

Framework to the GSP General Framework without product graduation, and could request a long transition period.

However, if Pakistan opts for a free trade agreement, then initially an early harvest programme could be signed, which may eventually lead to a free trade agreement. Non-tariff barriers must also be tabled during FTA negotiations with UK counterparts.

Most importantly, Pakistan must consider the fact that the UK is entering into FTA arrangements with Pakistan's competitors, including GSP beneficiaries. This must be accounted for.

### 5.2. Pakistan's export potential to the UK

The analyses from ITC EPI and GAP reveal that products in which there may be potential are also prone to losing their share in the UK market in the future, since most of these product lines are either Falling Stars or Retreats; that is, in both cases, UK world import CAGR is negative. Pakistan has so far been able to export more to the UK in those product lines that are experiencing a fall in demand in the UK; however, this may not hold for long.

There is a need to address the non-tariff measures in sectors other than apparel, such as agriculture, medicaments, medical instruments, etc. It is also important to investigate why exports to the UK in a few lines are falling, despite UK demand for these products rising (Lost Opportunity products).

### 5.3. Positioning Pakistan's products vis-à-vis competitors using EPD methodology

The EPD results reveal that Pakistan's Rising Star products face the greatest threat from Vietnam and its Lost Opportunity products from India, even though both face higher tariffs in these lines as compared to Pakistan and Bangladesh. Vietnam has already signed an FTA with the UK post-Brexit, while India is in talks with the UK for an FTA.

It is important for Pakistan to determine why these product lines are losing out and what strategies

it needs to adopt to enhance sustainability and increase its exports of these lines. The mapping of these product lines onto industry/firms can help assess the existing set of interventions and incentives, while a detailed comparison of Pakistan's existing incentives may be made with those of competitors, so that these may be

considered and appraised for replication in Pakistan. Stakeholder consultation can provide inputs into the new interventionist measures. Discussions and measures should consider the UK's current new FTA with Vietnam and a prospective one with India, since Pakistan risks losing even greater shares to both these countries in the UK market.

## Note

- 8 See the first report by the Commonwealth Secretariat (2021), 'Study on Pakistan's export opportunities in the UK and EU in the post-Brexit era'.





# Chapter 6

## **Annexes**

## Annex A. List of HS-6 product lines segmentation vis-à-vis competitors

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
630231	FS	RT	RT	RT
630260	FS	RT	RT	FS
610910	FS	RT	RT	FS
630900	FS	FS	RT	FS
620349	FS	FS	FS	RT
611510	FS	RT	RT	
940490	FS	RT	FS	RT
080450	FS	RT	FS	RT
610469	FS	RT	RT	RT
850239	FS	RT		
640399	FS	RT	RT	RT
620339	FS	RT	FS	RT
091091	FS	FS	FS	FS
030617	FS	RT	RT	FS
611710	FS	RT	RT	FS
610711	FS	RT	FS	RT
250100	FS	FS		FS
630251	FS	RT	RT	RT
610439	FS	RT	FS	RT
620469	FS	RT	RT	RT
620799	FS	RT	FS	RT
631090	FS	RT		RT
551321	FS	RT		
520822	FS	RT		
620329	FS	FS	RT	
551219	FS	FS		
611120	FS	RT	FS	RT
520922	FS			
520851	FS	RT		
611530	FS			RT
620343	FS	RT	RT	RT
551412	FS			
730690	FS	FS		
520832	FS	RT		
621600	FS	FS	RT	FS
620439	FS	RT	FS	RT
630222	FS	FS	FS	
551211	FS	FS		
190531	FS	FS	FS	FS
410792	FS	RT		

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
620899	FS	FS	FS	FS
610190	FS	RT	FS	RT
620891	FS	RT	RT	RT
611693	FS	RT	FS	FS
610329	FS	FS	FS	RT
551311	FS	FS		
610310	FS	RT	RT	RT
630539	FS	RT	FS	RT
520291	FS			
640590	FS	RT	RT	RT
200190	FS	FS	FS	RT
520939	FS	RT		
252921	FS			
330499	FS	RT		FS
841199	FS	RT		
330590	FS	RT		RT
620432	FS	RT	FS	RT
630590	FS	RT	FS	RT
620193	FS	FS	FS	RT
200799	FS	RT		
630240	FS	FS		FS
090230	FS	FS		
200989	FS	RT	FS	FS
731029	FS	FS		FS
610419	FS	RT	RT	RT
610290	FS	RT	FS	FS
821210	FS	RT		RT
610821	FS	RT	RT	RT
821220	FS	FS		FS
870840	FS	RT		
620419	FS	RT	RT	FS
610449	FS	RT	RT	RT
410449	FS	RT	FS	
551299	FS	FS		RT
420291	FS	RT	RT	FS
761210	FS	FS		
630492	FS	RT	FS	FS
620192	FS	FS	RT	RT
520931	FS	FS		
090240	FS	RT		FS

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
820559	FS	FS		FS
420211	FS	RT		RT
630291	FS	RT	FS	FS
520811	FS	RT		RT
520959	FS	FS		
621139	FS	FS	RT	RT
551422	FS			
580219	FS	RT		
521119	FS	FS		
611030	FS	RT	RT	FS
940520	FS	RT		FS
620299	FS	RT	FS	FS
250840	FS	RT	RT	
630499	FS	RT		
620590	FS	RT	RT	RT
620449	FS	FS	FS	FS
200520	FS	FS	FS	
521225	FS	RT	RT	
540781	FS	RT		
620459	FS	FS	RT	RT
701337	FS	RT		
520951	FS	FS		
610791	FS	FS	FS	RT
570210	FS	RT		
520859	FS	RT		
520921	FS	FS		
950651	FS	RT	RT	
200990	FS	FS	RT	RT
880330	FS	RT	FS	FS
620721	FS	RT	RT	RT
620530	FS	FS	RT	FS
610429	FS	RT		RT
620630	FS	RT	RT	FS
940430	FS	FS	RT	FS
490199	FS	RT	RT	RT
711620	FS	RT		RT
392350	FS	RT		RT
630253	FS	RT		FS
200600	FS	FS		RT
620112	FS	RT	RT	RT

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
691490	FS	FS		FS
620433	FS	RT	RT	RT
620442	FS	RT	FS	RT
441299	FS	RT		
620199	FS	RT	RT	FS
610433	FS	RT	FS	FS
940360	FS	RT	FS	RT
610442	FS	RT	RT	FS
581099	FS	RT		RT
821599	FS	RT		RT
610323	FS	FS	RT	
640419	FS	RT	RT	RT
581010	FS	RT		RT
580430	FS	RT		
650500	FS	RT	RT	FS
610891	FS	RT	FS	RT
210120	FS	FS		
520611	FS			
620463	FS	RT	RT	RT
841391	FS	RT	RT	FS
420231	FS	RT	RT	RT
190120	FS	FS	FS	FS
870829	FS	FS		RT
481950	FS	FS		FS
830890	FS	FS		RT
580790	FS	RT		
392330	FS	FS	RT	FS
621490	FS	RT	FS	FS
620323	FS	RT	RT	
071239	FS	RT		FS
950661	FS	RT		
650610	FS	FS	RT	RT
392410	FS	FS	FS	RT
902221	FS			
621430	FS	RT	RT	
330300	FS	FS		
940410	FS	RT		
620113	FS	FS	FS	RT
340510	FS			
551442	FS			

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
640359	FS	RT	FS	FS
090210	FS	FS		FS
821191	FS	FS		RT
821490	FS	FS		FS
732190	FS	FS		FS
610459	FS	RT	FS	RT
420212	FS	FS	FS	RT
640219	FS	FS		RT
540110	FS	RT		
200899	FS	RT	RT	RT
620640	FS	RT	RT	RT
400911	FS	FS		
960719	FS	FS		FS
442090	FS	RT		FS
847790	FS	RT		
620212	FS	RT	RT	RT
732619	FS	RT		
590691	FS			
848310	FS	RT		
420299	FS	RT	RT	FS
621210	FS	RT	RT	FS
200791	FS			
560890	FS	RT		FS
510129	FS			
660200	FS	FS		
940510	FS	RT		FS
620423	FS	RT	FS	FS
710122	FS	FS		
901410	FS	RT		RT
441510	FS	RT		FS
840999	FS	RT	RT	RT
940350	FS	FS	RT	RT
520843	FS			
481940	FS	FS	RT	RT
871410	FS	FS		FS
610822	FS	RT	FS	RT
611239	FS	RT	FS	
711790	FS	RT	RT	RT
540769	FS	RT		
401699	FS	RT		FS

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
610829	FS	RT	RT	RT
581092	FS	RT		
950632	FS	RT	RT	FS
821410	FS	RT		RT
620719	FS	FS	FS	FS
940540	FS	RT	RT	FS
520842	FS	RT		
611019	FS	RT	RT	RT
854140	FS	RT		RT
540791	FS	RT		
870894	FS	RT		RT
520941	FS	RT		
732599	FS	RT		FS
731512	FS	RT		
848110	FS	FS		RT
130212	FS	RT		
220190	FS		RT	
650400	FS	FS	RT	FS
482090	FS	FS		FS
640620	FS	RT		RT
940389	FS	FS		RT
853990	FS	RT		
392113	FS	FS		RT
844332	FS	RT		RT
902580	FS	FS		
901420	FS	FS		RT
851140	FS	FS		RT
391990	FS	FS		FS
903289	FS	FS		FS
490900	FS	RT	RT	FS
551329	FS	RT		
852859	FS	FS		RT
961800	FS	RT		
871130	FS	FS		
852691	FS	FS		FS
853921	FS	RT		
480640	FS	FS		
511119	FS	RT		
430390	FS	RT		
120729	FS			

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
930320	FS			
100630	LO	RS	RS	RS
630210	LO	RS	LO	RS
630710	LO	RS	LO	RS
901890	LO	RS	UNT	RS
100640	LO	LO	RS	UNT
070310	LO	RS	UNT	UNT
630629	LO	LO	UNT	UNT
630299	LO	RS	RS	LO
080410	LO	LO	LO	
821420	LO	RS		RS
611599	LO	LO	LO	RS
630232	LO	LO	LO	UNT
120740	LO	RS	UNT	UNT
130232	LO	RS		UNT
121300	LO	LO		UNT
170410	LO			
520839	LO	LO		
610462	LO	LO	RS	LO
610343	LO	LO	RS	RS
170490	LO	RS	RS	RS
630790	LO	RS	RS	RS
521019	LO	LO		UNT
521215	LO	RS	UNT	
521051	LO			
081340	LO	LO	RS	RS
610130	LO	RS	RS	RS
611699	LO	RS	LO	LO
070490	LO			UNT
050690	LO	LO		
392490	LO	RS	RS	LO
821192	LO	LO		LO
520829	LO	LO		UNT
070999	LO	RS	RS	RS
600690	LO	LO	UNT	RS
420100	LO	RS	UNT	RS
711510	LO			
520952	LO	UNT		
681599	LO	LO	UNT	RS
551423	LO	LO		UNT

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
200911	LO			UNT
071080	LO	RS	LO	RS
610721	LO	LO	RS	LO
621710	LO	RS	LO	RS
521029	LO	LO	UNT	
330210	LO	RS	UNT	UNT
170310	LO	RS	LO	UNT
140490	LO	RS	RS	RS
392690	LO	LO	RS	RS
961900	LO	RS	UNT	
870899	LO	LO		RS
621142	LO	RS	RS	RS
610719	LO	LO	RS	RS
843143	LO	RS		RS
851770	LO	RS	UNT	RS
381511	LO	LO		
520411	LO	LO		
521039	LO	LO		
610712	LO	LO	RS	RS
071220	LO	LO		RS
610322	LO	RS	RS	LO
210610	LO	RS		RS
731100	LO	LO	UNT	UNT
591190	LO	LO		UNT
050100	LO	LO	UNT	
090961	LO	RS		RS
170290	LO	LO	UNT	RS
300590	LO	RS	UNT	RS
621133	LO	LO	RS	RS
902129	LO	LO		
611430	LO	LO	RS	RS
960200	LO	RS		LO
200979	LO	UNT	LO	UNT
100829	LO	RS		
621230	LO	RS	LO	LO
200490	LO	RS	UNT	LO
550921	LO	RS	UNT	UNT
847989	LO	RS	UNT	LO
621050	LO	LO	RS	RS
620219	LO	LO	LO	LO

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
200290	LO	RS		
240399	LO	RS		
621143	LO	LO	RS	RS
401320	LO	LO	RS	RS
920600	LO	RS		RS
847170	LO	RS	UNT	UNT
110100	LO	RS	LO	
520531	LO			UNT
610722	LO	RS	RS	RS
902690	LO	RS	UNT	RS
691200	LO	LO	LO	RS
521059	LO	RS	UNT	
070959	LO			UNT
330610	LO	RS		LO
091012	LO	RS		RS
621120	LO	RS	UNT	LO
091030	LO	RS	RS	LO
920930	LO	LO		
630690	LO	LO	RS	LO
940330	LO	RS		LO
630229	LO	LO	UNT	
441400	LO	LO	UNT	LO
090922	LO	LO	UNT	RS
830249	LO	RS	UNT	LO
901849	LO	RS		LO
460290	LO	RS	RS	RS
903180	LO	RS	LO	RS
630532	LO	RS	RS	LO
590390	LO	RS		LO
902300	LO	LO	UNT	LO
841920	LO	LO		UNT
950790	LO	LO		RS
630312	LO	RS	UNT	LO
160420	LO	LO		RS
842139	LO	LO		RS
650699	LO	RS	RS	LO
570299	LO	RS	RS	
610423	LO	LO	RS	RS
848710	LO	LO		LO
611130	LO	LO	LO	RS

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
850440	LO	LO	UNT	RS
460219	LO	RS	RS	RS
591000	LO	RS		LO
630491	LO	LO	UNT	LO
844590	LO	LO		UNT
610819	LO	LO	LO	UNT
732111	LO	LO	LO	LO
903089	LO	LO	UNT	LO
081040	LO			
070610	LO	LO	UNT	UNT
130219	LO	RS	UNT	UNT
382200	LO	RS		LO
392190	LO	RS	UNT	RS
251612	LO	RS		UNT
854330	LO	LO	LO	UNT
846029	LO	RS		UNT
481960	LO	LO		LO
560900	LO	LO	UNT	
902710	LO	LO	UNT	RS
401511	LO	RS	UNT	RS
690210	LO	LO		UNT
730900	LO	RS	UNT	UNT
852380	LO	LO	UNT	LO
080280	LO	RS	LO	
940179	LO	RS	UNT	RS
970190	LO	LO		LO
854390	LO	RS	LO	RS
732310	LO	RS	UNT	UNT
190220	LO	RS	LO	RS
551614	LO	LO		UNT
950629	LO	RS	UNT	RS
392099	LO	LO		UNT
761090	LO	RS		LO
846090	LO	LO		UNT
200897	LO	RS	RS	RS
650691	LO	RS	UNT	
620930	LO	LO	LO	LO
841221	LO	RS	LO	UNT
820340	LO	LO		UNT
847141	LO	LO		LO

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
960400	LO	RS		
842119	LO	RS	UNT	UNT
960899	LO	RS		LO
846591	LO			UNT
820570	LO	LO		RS
090962	LO	RS		LO
570500	LO	LO	LO	UNT
731589	LO	LO	UNT	UNT
151550	LO	RS	UNT	UNT
670210	LO	LO	UNT	RS
540784	LO	LO	UNT	
681182	LO	RS		UNT
730830	LO	LO		UNT
691390	LO	LO	RS	RS
842129	LO	RS	UNT	LO
841919	LO	LO		UNT
110900	LO	UNT		
150600	LO			
180610	LO	UNT		LO
490591	LO			
711810	LO	RS		
842091	LO	RS		UNT
851390	LO	LO		
851671	LO	UNT	UNT	
871160	LO	RS	UNT	RS
903210	LO	RS		UNT
611090	RS	LO	RS	LO
100620	RS	LO	LO	RS
610349	RS	RS	RS	LO
611610	RS	RS	LO	RS
520852	RS	RS	UNT	
611020	RS	LO	LO	RS
610342	RS	LO	RS	LO
030339	RS	RS	UNT	UNT
210690	RS	RS	RS	RS
630419	RS	LO	LO	RS
520299	RS	LO	UNT	
620791	RS	LO	LO	LO
030389	RS	RS	RS	RS
481159	RS	RS		RS

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
621132	RS	LO	RS	RS
841451	RS	LO	UNT	LO
611219	RS	RS	RS	RS
950699	RS	LO	RS	RS
761510	RS	RS		RS
630130	RS	LO	RS	LO
190590	RS	RS	RS	RS
611190	RS	RS	RS	RS
620422	RS	LO	LO	RS
840710	RS	LO		UNT
420229	RS	LO	UNT	RS
621149	RS	LO	RS	RS
190219	RS	LO	RS	RS
121190	RS	RS	RS	RS
420330	RS	LO	UNT	LO
821300	RS	LO		UNT
610729	RS	RS	LO	
190190	RS	RS	LO	RS
950691	RS	LO	RS	LO
611212	RS	LO	RS	RS
091099	RS	RS	RS	RS
392390	RS	RS	LO	RS
610463	RS	LO	LO	RS
620729	RS	LO	RS	LO
401519	RS	RS		RS
620829	RS	RS	RS	RS
610422	RS	RS	RS	LO
611420	RS	LO	RS	LO
701090	RS	RS	UNT	RS
110319	RS		UNT	UNT
620119	RS	LO	LO	LO
200599	RS	LO	RS	LO
842121	RS	RS		UNT
740819	RS	LO		
820590	RS	LO	UNT	RS
200919	RS			UNT
611211	RS	RS	RS	LO
732690	RS	LO	UNT	LO
610832	RS	LO	RS	LO
210390	RS	RS	RS	RS

(Continued)



HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
611780	RS	RS	RS	RS
392310	RS	LO	UNT	RS
481910	RS	RS	LO	RS
610899	RS	RS	LO	LO
620990	RS	LO	LO	RS
730890	RS	RS	UNT	RS
481920	RS	RS	LO	LO
630392	RS	LO	RS	RS
071090	RS	LO	UNT	
070993	RS	LO	RS	UNT
070320	RS			
330741	RS	RS		RS
080212	RS	UNT		UNT
590700	RS	LO		RS
521111	RS	LO		UNT
340119	RS	RS		UNT
190540	RS	RS	RS	
960390	RS	LO	RS	RS
521151	RS	LO		
690410	RS	RS	LO	UNT
210320	RS	LO	UNT	
090422	RS	RS	RS	
720429	RS			
732399	RS	LO	UNT	LO
070960	RS	RS	RS	
220210	RS	RS	RS	LO
630411	RS	LO	UNT	
230310	RS	UNT		UNT
392329	RS	LO	LO	RS
482110	RS	RS	RS	RS
151590	RS	RS	RS	LO
940320	RS	RS	LO	RS
590190	RS	LO	UNT	LO
621790	RS	LO	RS	RS
621290	RS	RS	RS	RS
902780	RS	RS		RS
110220	RS	RS		
847130	RS	LO	UNT	RS
490110	RS	RS	LO	LO
442199	RS	LO	RS	LO

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
071190	RS	RS	UNT	RS
920290	RS	RS		LO
070810	RS	LO	UNT	LO
441990	RS	RS	RS	RS
690100	RS	RS	LO	
090931	RS	RS		
620413	RS	LO	RS	RS
950619	RS	LO	UNT	LO
902610	RS	LO	UNT	UNT
640411	RS	LO	RS	LO
550951	RS	RS		
842290	RS	RS		LO
200710	RS	RS		
190410	RS	RS	RS	LO
151419	RS	UNT	RS	
210310	RS	RS		LO
330690	RS	LO	UNT	LO
741999	RS	RS	UNT	LO
200510	RS	RS	LO	UNT
392321	RS	RS	RS	RS
841950	RS	LO		LO
841229	RS	LO	UNT	UNT
902214	RS	LO		
920992	RS	LO		UNT
482390	RS	RS	LO	LO
610413	RS	LO	LO	RS
481930	RS	LO	LO	
901839	RS	RS	UNT	LO
392620	RS	LO	UNT	RS
481730	RS	LO	UNT	LO
610341	RS	LO	LO	LO
830710	RS	LO		UNT
901480	RS	LO	UNT	UNT
940110	RS	RS		LO
620322	RT	FS	RT	
630239	RT	RT	RT	RT
520512	RT	FS		
520942	RT	FS		
620342	RT	RT	RT	RT
610590	RT	FS	RT	RT

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
520812	RT	RT		
420310	RT	RT		RT
420329	RT	RT	RT	RT
610339	RT	RT	FS	RT
610990	RT	RT	RT	FS
390761	RT			FS
611595	RT	RT	RT	FS
520511	RT	RT		
950662	RT	RT		RT
610510	RT	RT	RT	RT
300490	RT	FS	FS	FS
551341	RT			
620462	RT	RT	RT	RT
521142	RT			
521021	RT			
520932	RT	RT		
520912	RT	RT	RT	
271019	RT	RT		RT
420321	RT	RT		RT
410712	RT	RT		RT
520532	RT	RT		
570110	RT	RT		
520819	RT	FS		
630391	RT	RT	RT	
999999	RT	RT	RT	FS
521011	RT	RT		RT
521031	RT	RT		
520522	RT	RT		
520919	RT	RT		
610690	RT	RT	FS	FS
411310	RT	RT		
620429	RT	RT		FS
170230	RT	RT		
520831	RT	FS		
392062	RT	FS		
611692	RT	RT	RT	
520821	RT	RT		
611596	RT	RT	RT	RT
630399	RT	RT	RT	FS
610520	RT	RT	RT	RT

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
080390	RT			FS
620333	RT	RT	FS	RT
610799	RT	RT	FS	FS
521212	RT			
030319	RT			
620332	RT	RT	FS	FS
600622	RT	FS	RT	
640320	RT	RT	RT	FS
411200	RT	RT		RT
610610	RT	FS	RT	FS
520813	RT	RT		
740400	RT	RT		
610333	RT	RT	RT	RT
551411	RT	RT		
610332	RT	RT	FS	RT
300339	RT	RT		
520911	RT	FS		
630520	RT	RT		FS
521132	RT	RT		
630319	RT	FS	RT	
411390	RT	RT		
620319	RT	RT	RT	RT
620341	RT	RT	RT	RT
521112	RT	RT		
520542	RT	FS		
950669	RT	RT		FS
630140	RT	RT	FS	RT
300390	RT	RT	FS	
521211	RT	RT		
630259	RT	RT		RT
631010	RT	FS		
520612	RT			
610831	RT	RT	FS	RT
580710	RT	RT		RT
521222	RT	RT		
540752	RT	RT	RT	RT
620920	RT	RT	RT	RT
640391	RT	RT	FS	FS
841490	RT	FS		FS
401140	RT	FS		FS

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
521213	RT	FS		
610120	RT	RT	RT	RT
540754	RT	RT		RT
420340	RT	FS	FS	FS
843890	RT	RT		FS
620452	RT	RT	FS	FS
611490	RT	FS	RT	RT
520929	RT	FS		
420221	RT	RT	RT	FS
711319	RT	RT	RT	FS
710310	RT	FS		
610839	RT	FS	FS	RT
081090	RT	RT	FS	RT
600621	RT	RT		
620690	RT	RT	FS	RT
400941	RT	RT		
520833	RT	RT		
630190	RT	RT	RT	
521120	RT	RT		
620520	RT	RT	RT	RT
580640	RT	RT		
640299	RT	FS	FS	RT
551441	RT	RT		
551419	RT	FS		
520632	RT			
610432	RT	RT	FS	RT
551512	RT	RT		
620412	RT	FS	RT	
520849	RT	RT		
540710	RT	RT		
630493	RT	RT	RT	FS
620822	RT	RT	RT	FS
611249	RT	RT	FS	RT
600632	RT	RT		
610620	RT	RT	RT	FS
871120	RT	RT		RT
620821	RT	RT	RT	RT
620312	RT	RT	FS	RT
170113	RT	FS		
540233	RT	RT		RT

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
611522	RT		FS	
030219	RT			
551331	RT			
520841	RT	RT		
520420	RT	RT		
761699	RT	RT		RT
854370	RT	FS	FS	FS
840991	RT	RT	RT	RT
441090	RT	RT		
560790	RT	RT	FS	
820320	RT	FS		
848340	RT	FS		
621111	RT	FS	RT	FS
551421	RT	RT		
540782	RT	FS		
521032	RT	FS		
870891	RT	RT		RT
521131	RT	FS		
850220	RT			
680229	RT	RT		FS
848180	RT	RT		FS
820510	RT	RT		
080290	RT	FS	FS	FS
540751	RT	RT		
540742	RT	RT		RT
611529	RT	RT	RT	
081310	RT	FS		
920590	RT	RT		
844849	RT	RT		
820719	RT	FS		RT
844839	RT	RT		
410622	RT	RT		
690490	RT	RT		
081350	RT	RT	RT	RT
620293	RT	RT	RT	FS
841510	RT	RT		
640420	RT	FS	RT	RT
420219	RT	RT	FS	RT
610230	RT	RT	RT	FS
580429	RT	RT		

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
930700	RT	FS		
560500	RT	RT		
950300	RT	FS	RT	RT
551011	RT			RT
847330	RT	FS	RT	FS
620892	RT	RT	RT	RT
853810	RT	RT		
630221	RT	RT	RT	RT
691110	RT	RT	RT	RT
960820	RT	RT		FS
610220	RT	RT	RT	RT
392069	RT	FS		
920890	RT	RT		RT
610443	RT	RT	FS	RT
550810	RT	FS		
081070	RT			FS
844319	RT	RT		
960810	RT	RT		RT
870810	RT	FS		RT
520534	RT			
841330	RT	RT		RT
620443	RT	RT	RT	RT
691190	RT	FS	RT	FS
580220	RT	FS		
620292	RT	RT	FS	FS
611790	RT	FS	RT	FS
845590	RT	RT		
251741	RT	RT		
540774	RT	RT		
854442	RT	RT		FS
611011	RT	FS	RT	FS
390290	RT			
200939	RT			
060311	RT	RT		
040299	RT			
848330	RT	RT		
500720	RT	RT		
847190	RT	RT		RT
853649	RT	RT		FS
901590	RT	RT		RT

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
540234	RT			
853690	RT	RT		RT
391729	RT	RT		RT
090411	RT	RT	RT	RT
420500	RT	RT	FS	FS
850434	RT	FS		
940591	RT	RT		
151229	RT			
080211	RT	RT		
330491	RT	RT		
490599	RT	RT		
903190	RT	RT		FS
846693	RT	RT		
480255	RT	FS		
520624	RT			
902680	RT	RT		RT
960629	RT	RT		FS
551429	RT	FS		
551612	RT	FS		
441700	RT	FS		
701890	RT	RT		RT
680223	RT	RT		
500790	RT	RT		
510320	RT	FS		
482010	RT	FS		FS
640510	RT	RT		RT
080940	RT			
841990	RT	RT		FS
681019	RT	RT	RT	RT
852349	RT	RT		
821195	RT	FS		FS
621112	RT	FS	FS	FS
520643	RT			
121299	RT	FS		FS
848190	RT	FS		RT
080719	RT			
581100	RT	RT		
210111	RT	FS		FS
841981	RT	RT		FS
391910	RT	FS		FS

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
844110	RT	FS		RT
610892	RT	FS	FS	RT
491110	RT	RT		RT
848280	RT	RT		RT
850120	RT	RT		RT
621590	RT	RT	RT	FS
820520	RT	RT		RT
392112	RT	FS		RT
510121	RT	RT		
950590	RT	FS	FS	FS
853669	RT	RT		FS
550510	RT			
940340	RT	RT		RT
620453	RT	RT	RT	RT
600590	RT			FS
902480	RT	FS		
851680	RT	RT		RT
870821	RT	FS		
491199	RT	RT		FS
731210	RT	FS		RT
842099	RT	FS		
851490	RT	FS		
521149	RT	RT		
442010	RT	RT		FS
853661	RT	RT		FS
853190	RT	RT		FS
420239	RT	RT		RT
903290	RT	FS	RT	RT
830810	RT	RT		RT
940599	RT	RT	RT	FS
701399	RT	RT		FS
920510	RT	RT		RT
621410	RT	RT	RT	RT
821290	RT	FS		
580632	RT	RT		RT
960622	RT			
731829	RT	RT		FS
720410	RT			
854419	RT	RT		
640312	RT	RT		RT

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
441820	RT	RT		FS
482020	RT	RT		
830629	RT	RT		RT
711719	RT	FS	RT	RT
520634	RT			
170260	RT			
580190	RT	FS		RT
940210	RT	RT		
901780	RT	FS		RT
820900	RT	RT		
330430	RT	RT		FS
870324	RT			
920999	RT	FS		
910519	RT			
620610	RT	RT	RT	FS
850590	RT	FS		
851690	RT	RT		FS
420232	RT	RT	RT	FS
830242	RT	RT		FS
842490	RT	FS		
842890	RT	FS		FS
441810	RT	RT		
490290	RT	RT		RT
950430	RT	RT		
401691	RT	FS		RT
250590	RT	RT		
854430	RT	RT		FS
621520	RT	RT	RT	RT
491000	RT	RT	RT	RT
640220	RT	RT	FS	RT
721730	RT			
960190	RT	RT		RT
400219	RT	RT		
400931	RT	RT		RT
481830	RT	RT		RT
731990	RT	RT		
390910	RT	RT		
830630	RT	RT		RT
852910	RT	RT	RT	RT
611521	RT	RT		FS

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
540220	RT	RT		
620421	RT			
700210	RT			
710210	RT	RT		
846890	RT	FS		
851890	RT	RT		FS
853929	RT	FS		FS
262190	RT			
381190	RT	FS		
441899	RT	FS		FS
481720	RT	RT	RT	FS
511219	RT	RT		
550120	RT			
580639	RT	FS		
741910	RT	FS		
870323	RT	FS		
611241	RT	FS	RT	FS
610431	RT			FS
853922	RT	FS		
081330	RT			
190510	RT	FS	RT	
321100	RT			
390599	RT			
511120	RT	RT		
520949	RT	RT		
570239	RT	RT		
700721	RT	RT		
711420	RT	RT		RT
721061	RT	RT		
731511	RT	FS		
731812	RT	RT		RT
731940	RT	RT		
740312	RT			
740721	RT	FS		
760691	RT	RT		
844339	RT	FS		
848360	RT	RT		RT
854290	RT	RT		RT
870331	RT	RT		
880240	RT			

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
970110	RT	FS		RT
740319	UNT	RS	UNT	
080529	UNT	UNT		
300439	UNT	LO	UNT	
220720	UNT			UNT
080521	UNT	LO		
151620	UNT	LO		
030353	UNT	RS	UNT	
230120	UNT			
050400	UNT	UNT		
030614	UNT	RS	LO	LO
340111	UNT	LO		UNT
080590	UNT	UNT	LO	
071010	UNT	RS		UNT
240220	UNT		LO	
320415	UNT	RS		
761290	UNT	LO	UNT	LO
870192	UNT	RS		LO
230641	UNT	UNT		UNT
230400	UNT	RS	UNT	
520622	UNT	UNT		
360500	UNT	LO		
340220	UNT	RS		UNT
382499	UNT	RS	UNT	RS
230230	UNT			UNT
030633	UNT	LO		
350300	UNT	RS	UNT	UNT
260111	UNT	LO		
020421	UNT			
040711	UNT			
621030	UNT	RS	LO	RS
560311	UNT	RS		UNT
740313	UNT	UNT		
870120	UNT			
320910	UNT	RS		UNT
110313	UNT	LO		
020450	UNT			
382600	UNT	UNT		
340211	UNT			UNT
230800	UNT	LO		UNT

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
621010	UNT	RS	RS	LO
080510	UNT	UNT		
520543	UNT	LO		UNT
121490	UNT	UNT		UNT
551313	UNT	LO		UNT
200819	UNT	RS	RS	RS
350510	UNT	LO		LO
071231	UNT	LO		
030349	UNT			LO
380891	UNT	LO	UNT	UNT
820790	UNT	LO		RS
401150	UNT	LO		RS
481092	UNT	RS		UNT
890190	UNT	UNT		UNT
551641	UNT	UNT		UNT
030382	UNT	UNT	UNT	
850152	UNT	LO		UNT
392640	UNT	LO	LO	LO
842959	UNT	RS		
160232	UNT			UNT
160554	UNT	LO	UNT	RS
840790	UNT	RS	UNT	UNT
390690	UNT	RS	LO	UNT
050610	UNT		UNT	
262019	UNT	LO	UNT	UNT
790200	UNT			
320417	UNT	LO		UNT
293339	UNT	RS		UNT
100821	UNT	RS		
841690	UNT	LO		UNT
520541	UNT			
401170	UNT	RS		LO
070110	UNT		UNT	
283630	UNT	RS		UNT
020610	UNT	UNT		
580121	UNT			
330790	UNT	LO		RS
730429	UNT	RS	UNT	
843830	UNT	LO		
260800	UNT			

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
230690	UNT	RS	UNT	UNT
251010	UNT			
080550	UNT	LO	UNT	LO
030619	UNT	RS	LO	LO
321410	UNT	RS		UNT
611300	UNT	LO	LO	RS
320649	UNT	LO		UNT
100510	UNT	UNT		UNT
700100	UNT	RS		UNT
300432	UNT	LO		
841810	UNT	LO	UNT	LO
870130	UNT			
381512	UNT	RS		
680299	UNT	RS		LO
600129	UNT			UNT
150420	UNT			UNT
040110	UNT		UNT	UNT
852580	UNT	RS	UNT	RS
842230	UNT	LO	UNT	UNT
940690	UNT	RS	UNT	LO
190532	UNT	RS	LO	UNT
120991	UNT	RS	LO	
851580	UNT	RS		UNT
350610	UNT	RS		UNT
280800	UNT			UNT
732211	UNT	LO		
230250	UNT	UNT		UNT
480300	UNT	LO	UNT	LO
843290	UNT	LO		
903040	UNT	LO	UNT	RS
860791	UNT	LO		
902290	UNT	LO	UNT	
841830	UNT	UNT		UNT
850680	UNT	UNT		RS
070820	UNT	LO	LO	
251611	UNT	RS		
190490	UNT	LO	RS	LO
630720	UNT	RS		RS
850212	UNT	RS		UNT
381590	UNT	LO		UNT

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
640199	UNT	LO		LO
040229	UNT	UNT		
284700	UNT	UNT	UNT	
850213	UNT	RS		
030771	UNT	UNT		UNT
847982	UNT	LO		UNT
843352	UNT	UNT		UNT
320490	UNT	RS		
030572	UNT	UNT		LO
570190	UNT	RS	UNT	LO
060220	UNT			UNT
391723	UNT	RS		RS
611220	UNT	RS		
330749	UNT	LO	UNT	RS
842920	UNT	UNT		UNT
390512	UNT	LO		LO
100810	UNT	UNT		
440500	UNT	UNT		UNT
140190	UNT	LO	LO	RS
392119	UNT	LO	UNT	RS
900510	UNT	LO		
850690	UNT	LO		RS
847960	UNT	LO		UNT
870110	UNT			UNT
392590	UNT	LO	UNT	RS
120810	UNT	RS	UNT	LO
732219	UNT	LO		LO
670420	UNT	RS	UNT	LO
010641	UNT			
940370	UNT	RS	UNT	RS
551291	UNT			
901819	UNT	LO	UNT	LO
820810	UNT	LO		UNT
842199	UNT	RS		RS
391231	UNT	RS		
844832	UNT	RS		
650700	UNT	RS		RS
060490	UNT	LO	LO	
841420	UNT	LO	UNT	LO
841869	UNT	RS	UNT	RS

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
391810	UNT	LO	UNT	UNT
848140	UNT	LO	UNT	UNT
551130	UNT			
843880	UNT	RS	UNT	LO
841360	UNT	RS	UNT	UNT
740729	UNT	LO		UNT
401590	UNT	LO	LO	RS
252510	UNT	RS		UNT
731449	UNT	RS		RS
320412	UNT	LO		UNT
380899	UNT	LO		UNT
902750	UNT	RS		RS
283650	UNT	UNT		LO
690220	UNT	RS		UNT
845140	UNT	RS	UNT	
392210	UNT	LO		UNT
550690	UNT	UNT		UNT
845229	UNT	LO		RS
292241	UNT	UNT		UNT
470730	UNT			
845020	UNT			
843359	UNT			
761610	UNT	LO		UNT
581091	UNT	LO		UNT
560811	UNT	RS	UNT	LO
060290	UNT	LO		UNT
843780	UNT	RS		UNT
440131	UNT			UNT
070700	UNT	LO		
847590	UNT	UNT		
850211	UNT	RS	UNT	LO
851650	UNT		UNT	LO
844120	UNT	UNT		
844833	UNT	RS		
902730	UNT	RS		RS
850153	UNT	RS		UNT
294190	UNT	LO		UNT
250810	UNT	RS		UNT
580810	UNT	RS		
520631	UNT	UNT		

(Continued)



HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
853590	UNT	RS		RS
841340	UNT	LO		
121410	UNT	UNT		
390490	UNT	RS		UNT
580620	UNT	LO	UNT	LO
843790	UNT	LO		LO
842191	UNT	LO	UNT	UNT
600192	UNT	RS		UNT
190230	UNT	RS	RS	RS
210230	UNT	RS		
520419	UNT	LO		UNT
731822	UNT	LO	UNT	LO
390950	UNT	LO		UNT
080620	UNT	LO		UNT
091011	UNT	RS	LO	RS
151530	UNT	RS		UNT
600290	UNT	RS	UNT	LO
441233	UNT	UNT		
901812	UNT	RS	UNT	UNT
843069	UNT	LO		UNT
844831	UNT	LO		
200559	UNT	RS		
920810	UNT	UNT		
321310	UNT	RS		LO
350520	UNT			
110610	UNT	LO	UNT	
842389	UNT	RS		
262029	UNT	LO		
847410	UNT	LO		UNT
902519	UNT	RS	UNT	LO
441300	UNT	RS		UNT
120929	UNT	UNT		UNT
732394	UNT	RS		UNT
460121	UNT	LO		LO
842489	UNT	LO	UNT	LO
853620	UNT	RS		UNT
401610	UNT	LO	UNT	
690290	UNT	RS	UNT	UNT
920790	UNT	LO		RS
481141	UNT	RS	UNT	UNT

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
680430	UNT	RS		UNT
871680	UNT	RS	UNT	RS
842420	UNT	LO		LO
100390	UNT	RS		
460199	UNT	RS		LO
020442	UNT			
940429	UNT	LO	UNT	RS
080830	UNT	UNT		UNT
210210	UNT	UNT		UNT
830990	UNT	RS	UNT	UNT
843410	UNT			
840420	UNT	UNT		
843991	UNT	LO		
090831	UNT	RS	UNT	RS
611231	UNT	LO	RS	RS
722990	UNT	LO		LO
901831	UNT	RS		UNT
481890	UNT	LO	LO	RS
901920	UNT	RS	UNT	RS
890399	UNT	LO	LO	UNT
071440	UNT	RS	RS	RS
081190	UNT	LO	LO	RS
292211	UNT	LO		
490890	UNT	RS		UNT
630800	UNT	LO		UNT
420600	UNT			
860799	UNT	LO		LO
843699	UNT	RS		
848250	UNT	RS		UNT
220900	UNT	RS	UNT	LO
441919	UNT	LO		RS
481390	UNT	UNT		UNT
280421	UNT			UNT
282739	UNT	RS		UNT
820720	UNT	LO		UNT
820730	UNT	LO		
282612	UNT	UNT		
160220	UNT			
291814	UNT	RS		UNT
854231	UNT	LO		LO

(Continued)

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
120721	UNT	UNT		
490300	UNT	RS		RS
820830	UNT	RS		UNT
903031	UNT	RS	UNT	
700992	UNT	RS	UNT	RS
251400	UNT	LO		
842430	UNT	RS		UNT
845221	UNT	UNT		UNT
071040	UNT	LO		RS
300230	UNT	UNT		UNT
090619	UNT	LO		RS
681291	UNT		LO	

HS 6	PK-PS	IND-PS	BD-PS	VNM-PS
846150	UNT	RS		UNT
591140	UNT	RS		
080930	UNT			
300670	UNT	LO		UNT
902590	UNT	LO		RS
550330	UNT			
680800	UNT	RS		LO
842832	UNT	LO		
902511	UNT	LO		LO
480419	UNT	UNT		
844900	UNT	UNT		

## Annex B. Product-wise TC, TD, Total TE, old and new duties due to switch from GSP Enhanced to GSP for Pakistan in the UK market

Chapter 63					
HS-6	TC Effect	TD Effect	Total Effect	Applied Duty	New Duty
630222	(33,541.96)	(2,965.17)	(36,507.13)	0	8.21
630231	(8,884.66)	(4,820.21)	(13,704.87)	0	8.21
630260	(4,630.12)	(4,864.27)	(9,494.40)	0	8.21
630232	(5,306.45)	(4,114.87)	(9,421.32)	0	8.21
630221	(3,678.72)	(2,579.39)	(6,258.11)	0	8.21
630229	(6,112.40)	-	(6,112.40)	0	8.21
630710	(1,000.75)	(1,021.03)	(2,021.78)	0	8.21
630392	(987.85)	(959.77)	(1,947.62)	0	8.21
630790	(682.50)	(1,013.30)	(1,695.80)	0	6.87
630210	(777.03)	(792.38)	(1,569.40)	0	8.21
630291	(188.59)	(1,266.74)	(1,455.34)	0	8.21
630239	(617.96)	(716.58)	(1,334.54)	0	8.21
630391	(453.37)	(416.41)	(869.78)	0	8.21
630251	(240.27)	(155.19)	(395.46)	0	8.21
630399	(75.37)	(153.03)	(228.41)	0	8.21
630629	(179.55)	-	(179.55)	0	8.21
630299	(92.45)	(80.21)	(172.65)	0	8.21
630492	(76.50)	(90.91)	(167.41)	0	8.21
630900	(42.33)	(124.46)	(166.79)	0	5.3
630130	(36.34)	(85.24)	(121.58)	0	8.21
630240	(58.37)	(29.08)	(87.45)	0	8.21
630419	(42.38)	(44.56)	(86.93)	0	8.21
630140	(47.37)	(33.92)	(81.29)	0	8.21
630493	(18.26)	(53.15)	(71.41)	0	8.21
630520	(41.77)	(29.48)	(71.26)	0	7.2
630293	(12.64)	(33.43)	(46.07)	0	8.21
630690	(18.67)	(22.86)	(41.53)	0	8.21
630491	(23.74)	(12.52)	(36.26)	0	8.21
630499	(18.54)	(12.85)	(31.39)	0	8.21
630190	(9.43)	(19.81)	(29.24)	0	8.21
630253	(10.84)	(16.97)	(27.81)	0	8.21
630590	(7.36)	(16.22)	(23.58)	0	6.2
630411	(6.61)	(14.58)	(21.19)	0	8.21
630312	(4.50)	(13.04)	(17.54)	0	8.21
630259	(8.66)	(7.03)	(15.70)	0	8.21
630622	(6.14)	(8.42)	(14.55)	0	8.21

(Continued)

Chapter 63					
HS-6	TC Effect	TD Effect	Total Effect	Applied Duty	New Duty
630319	(2.69)	(5.87)	(8.57)	0	8.21
630539	(1.39)	(4.23)	(5.62)	0	7.2
630619	(3.31)	-	(3.31)	0	8.21
630532	(0.20)	(0.58)	(0.78)	0	8.16
630720	(0.17)	(0.39)	(0.56)	0	6.3
630800	(0.04)	(0.52)	(0.56)	0	8.21
630120	(0.28)	(0.24)	(0.53)	0	8.21
630533	(0.14)	(0.30)	(0.43)	0	8.21
630510	(0.05)	(0.07)	(0.12)	0	3
631010	-	-	-	0	0
631090	-	-	-	0	0
CH-63 Total					
Chapter 61					
611020	(7,112.3)	(10,432.7)	(17,545.0)	0	9.41
610910	(3,774.9)	(7,095.2)	(10,870.1)	0	9.41
610349	(10,635.4)	-	(10,635.4)	0	9.41
611030	(2,635.4)	(3,771.8)	(6,407.2)	0	9.41
611595	(3,354.0)	(2,648.0)	(6,002.0)	0	9.41
610342	(1,227.5)	(3,798.1)	(5,025.6)	0	9.41
611211	(3,398.3)	(1,467.6)	(4,865.9)	0	9.41
610462	(1,363.2)	(2,213.6)	(3,576.8)	0	9.41
610510	(1,220.4)	(1,983.7)	(3,204.1)	0	9.41
610520	(1,368.0)	(1,589.3)	(2,957.3)	0	9.41
611090	(1,222.7)	(1,052.7)	(2,275.4)	0	9.41
610469	(955.0)	(1,041.9)	(1,996.9)	0	9.41
611219	(1,544.0)	(359.0)	(1,903.0)	0	9.41
610990	(741.0)	(1,073.1)	(1,814.1)	0	9.41
611610	(842.5)	(893.4)	(1,735.9)	0	8.45
610343	(572.7)	(909.9)	(1,482.6)	0	9.41
611212	(608.0)	(755.0)	(1,363.1)	0	9.41
610310	(1,135.8)	(159.2)	(1,295.0)	0	9.41
610419	(956.2)	(256.0)	(1,212.1)	0	9.41
610590	(628.3)	(580.6)	(1,208.9)	0	9.41
610463	(465.6)	(685.3)	(1,150.9)	0	9.41
610120	(309.3)	(727.0)	(1,036.3)	0	9.41
610432	(309.1)	(483.4)	(792.5)	0	9.41
610799	(786.3)	-	(786.3)	0	9.41
610130	(221.4)	(380.1)	(601.5)	0	9.41
610439	(282.5)	(300.3)	(582.7)	0	9.41

(Continued)

Chapter 63					
HS-6	TC Effect	TD Effect	Total Effect	Applied Duty	New Duty
611190	(379.8)	(159.8)	(539.6)	0	9.41
610610	(167.9)	(370.8)	(538.7)	0	9.41
610220	(169.9)	(359.5)	(529.4)	0	9.41
611599	(142.7)	(383.7)	(526.4)	0	9.41
611120	(181.5)	(325.1)	(506.6)	0	9.41
611692	(381.3)	(121.4)	(502.7)	0	8.9
610339	(181.1)	(309.1)	(490.1)	0	9.41
611596	(205.1)	(258.6)	(463.7)	0	9.41
611693	(175.9)	(243.0)	(418.9)	0	8.9
610329	(348.3)	(67.2)	(415.5)	0	9.41
610413	(120.3)	(289.1)	(409.4)	0	9.41
610422	(154.5)	(242.6)	(397.0)	0	9.41
610230	(146.4)	(218.8)	(365.1)	0	9.41
610831	(163.6)	(185.7)	(349.3)	0	9.41
610333	(111.5)	(226.4)	(337.8)	0	9.41
610443	(194.6)	(132.4)	(327.0)	0	9.41
610332	(151.1)	(164.4)	(315.5)	0	9.41
610449	(87.8)	(223.1)	(310.9)	0	9.41
610442	(79.0)	(229.7)	(308.7)	0	9.41
610719	(247.4)	(48.8)	(296.2)	0	9.41
610620	(184.7)	(88.8)	(273.4)	0	9.41
610711	(95.2)	(157.2)	(252.4)	0	9.41
611430	(77.8)	(151.7)	(229.5)	0	9.41
610190	(164.9)	(58.7)	(223.6)	0	9.41
611699	(99.1)	(120.1)	(219.2)	0	8.9
610832	(55.2)	(137.6)	(192.8)	0	9.41
610423	(55.3)	(109.9)	(165.2)	0	9.41
610721	(48.2)	(106.1)	(154.3)	0	9.41
611420	(46.3)	(99.2)	(145.6)	0	9.41
610690	(34.6)	(107.4)	(142.0)	0	9.41
610791	(49.0)	(88.6)	(137.6)	0	9.41
610322	(10.6)	(115.8)	(126.4)	0	9.41
611780	(48.5)	(76.4)	(124.9)	0	9.41
611220	(85.0)	(13.3)	(98.3)	0	9.41
610452	(37.0)	(60.1)	(97.1)	0	9.41
610433	(26.4)	(67.2)	(93.6)	0	9.41
611710	(21.0)	(62.3)	(83.3)	0	9.41
610444	(33.3)	(47.1)	(80.4)	0	9.41
611530	(62.0)	(17.4)	(79.4)	0	9.41

(Continued)

Chapter 63					
HS-6	TC Effect	TD Effect	Total Effect	Applied Duty	New Duty
610453	(13.7)	(62.7)	(76.4)	0	9.41
610459	(29.9)	(44.1)	(74.0)	0	9.41
610323	(51.7)	(20.6)	(72.4)	0	9.41
611790	(71.5)	-	(71.5)	0	9.41
611490	(21.2)	(47.3)	(68.4)	0	9.41
610290	(31.1)	(37.2)	(68.3)	0	9.41
610712	(20.9)	(45.4)	(66.3)	0	9.41
611249	(19.1)	(38.9)	(58.0)	0	9.41
610429	(22.8)	(26.5)	(49.4)	0	9.41
611019	(19.7)	(25.2)	(44.9)	0	9.41
611510	(22.2)	(22.4)	(44.6)	0	9.41
610839	(14.2)	(27.8)	(41.9)	0	9.41
610210	(11.2)	(29.3)	(40.5)	0	9.41
610441	(28.3)	(10.6)	(38.9)	0	9.41
611300	(21.2)	(15.6)	(36.8)	0	9.41
610891	(15.6)	(20.6)	(36.2)	0	9.41
610722	(11.3)	(22.3)	(33.6)	0	9.41
611011	(13.7)	(17.9)	(31.7)	0	9.41
611130	(13.0)	(13.2)	(26.1)	0	9.41
610822	(0.2)	(22.1)	(22.2)	0	9.41
611012	(9.2)	(11.8)	(21.1)	0	9.41
610729	(4.8)	(12.3)	(17.1)	0	9.41
611241	(10.9)	(5.0)	(15.8)	0	9.41
611691	(14.9)	-	(14.9)	0	8.9
610899	(3.4)	(10.9)	(14.3)	0	9.41
611529	(3.6)	(5.1)	(8.7)	0	9.41
611231	(1.8)	(3.4)	(5.2)	0	9.41
610341	(1.9)	(2.1)	(3.9)	0	9.41
610892	(0.9)	(2.9)	(3.8)	0	9.41
610821	(1.2)	(1.5)	(2.7)	0	9.41
611594	(1.0)	(1.4)	(2.4)	0	9.41
611239	(0.6)	(1.6)	(2.1)	0	9.41
611522	(1.1)	(0.5)	(1.6)	0	9.41
610331	(0.7)	(0.6)	(1.2)	0	9.41
610829	(0.2)	(0.5)	(0.7)	0	9.41
610811	(0.1)	(0.3)	(0.4)	0	9.41
611521	(0.1)	(0.3)	(0.4)	0	9.41
610431	(0.1)	(0.2)	(0.2)	0	9.41
Chapter 61 Total					

(Continued)

Chapter 63					
HS-6	TC Effect	TD Effect	Total Effect	Applied Duty	New Duty
<b>Chapter 62</b>					
620342	(8,685.5)	(9,137.1)	(17,822.6)	0	9.18
620462	(5,103.4)	(5,504.7)	(10,608.1)	0	9.18
620343	(1,629.4)	(2,299.8)	(3,929.3)	0	9.18
620349	(895.6)	(745.4)	(1,641.1)	0	9.18
621143	(587.6)	(922.1)	(1,509.7)	0	9.18
620463	(580.0)	(873.1)	(1,453.1)	0	9.18
620829	(962.3)	(154.5)	(1,116.8)	0	9.18
621132	(298.5)	(740.9)	(1,039.4)	0	9.18
620322	(944.6)	-	(944.6)	0	9.18
620339	(130.2)	(527.4)	(657.6)	0	9.18
620333	(222.3)	(390.7)	(613.0)	0	9.18
620419	(312.2)	(258.9)	(571.0)	0	9.18
620193	(204.9)	(324.0)	(528.9)	0	9.18
621142	(241.9)	(253.9)	(495.8)	0	9.18
620422	(227.3)	(192.1)	(419.4)	0	9.18
620332	(166.0)	(184.9)	(350.9)	0	9.18
620891	(168.8)	(170.1)	(338.9)	0	9.18
620429	(137.1)	(193.8)	(330.9)	0	9.18
620452	(146.0)	(173.9)	(319.9)	0	9.18
621600	(142.3)	(176.0)	(318.3)	0	7.6
620442	(112.8)	(196.0)	(308.8)	0	9.18
620791	(122.5)	(167.9)	(290.4)	0	9.18
620199	(211.8)	(74.0)	(285.8)	0	9.18
620443	(119.6)	(164.1)	(283.7)	0	9.18
620192	(101.2)	(141.5)	(242.7)	0	9.18
621490	(131.9)	(102.9)	(234.8)	0	8
621050	(98.3)	(113.8)	(212.1)	0	9.18
620892	(54.0)	(148.8)	(202.8)	0	9.18
620312	(105.1)	(94.9)	(200.0)	0	9.18
620520	(88.7)	(111.3)	(199.9)	0	9.18
620449	(99.9)	(91.9)	(191.8)	0	9.18
620799	(93.0)	(96.1)	(189.1)	0	9.18
620319	(103.3)	(85.0)	(188.3)	0	9.18
620469	(65.2)	(123.0)	(188.2)	0	9.18
620721	(88.5)	(95.0)	(183.5)	0	9.18
620530	(72.7)	(108.9)	(181.6)	0	9.18
620113	(58.1)	(115.2)	(173.3)	0	9.18
621010	(28.8)	(143.2)	(172.1)	0	9.18

(Continued)

Chapter 63					
HS-6	TC Effect	TD Effect	Total Effect	Applied Duty	New Duty
621133	(4.5)	(159.5)	(163.9)	0	9.18
620439	(66.4)	(97.4)	(163.8)	0	9.18
621149	(44.7)	(109.2)	(153.9)	0	9.18
620920	(45.0)	(95.9)	(140.9)	0	9.18
620423	(68.7)	(65.7)	(134.4)	0	9.18
620590	(54.9)	(79.0)	(133.9)	0	9.18
620293	(55.2)	(77.4)	(132.6)	0	9.18
620412	(60.7)	(71.7)	(132.5)	0	9.18
620433	(42.9)	(87.1)	(130.1)	0	9.18
620432	(12.8)	(114.1)	(126.9)	0	9.18
621710	(39.0)	(86.0)	(124.9)	0	6.3
620119	(83.1)	(32.8)	(115.9)	0	9.18
620640	(43.1)	(62.0)	(105.1)	0	9.18
620690	(25.4)	(67.8)	(93.1)	0	9.18
620292	(33.6)	(44.6)	(78.1)	0	9.18
621139	(28.1)	(47.2)	(75.3)	0	9.18
620112	(30.7)	(43.4)	(74.0)	0	9.18
620630	(27.0)	(38.5)	(65.5)	0	9.18
620821	(26.6)	(37.2)	(63.8)	0	9.18
620822	(24.9)	(31.6)	(56.5)	0	9.18
620219	(17.2)	(26.1)	(43.2)	0	9.18
620213	(17.8)	(24.5)	(42.3)	0	9.18
620899	(17.4)	(16.8)	(34.2)	0	9.18
621210	(12.2)	(18.7)	(30.8)	0	6.5
620444	(6.9)	(23.9)	(30.8)	0	9.18
620413	(14.6)	(15.7)	(30.3)	0	9.18
620329	(10.5)	(19.5)	(30.0)	0	9.18
621040	(11.1)	(14.1)	(25.2)	0	9.18
620299	(8.5)	(15.3)	(23.8)	0	9.18
620453	(8.7)	(12.9)	(21.6)	0	9.18
620930	(6.9)	(10.7)	(17.6)	0	9.18
620722	(6.0)	(10.9)	(17.0)	0	9.18
620711	(4.7)	(11.8)	(16.4)	0	9.18
620111	(1.6)	(12.3)	(13.9)	0	9.18
620212	(8.4)	(4.7)	(13.1)	0	9.18
621030	(3.4)	(8.8)	(12.2)	0	9.18
620990	(1.3)	(9.5)	(10.9)	0	9.18
621790	(3.5)	(7.1)	(10.7)	0	9.18
620729	(3.3)	(7.2)	(10.6)	0	9.18

(Continued)



Chapter 63					
HS-6	TC Effect	TD Effect	Total Effect	Applied Duty	New Duty
620323	(4.7)	(4.9)	(9.6)	0	9.18
620331	(3.7)	(4.5)	(8.2)	0	9.18
620819	(4.0)	(3.6)	(7.5)	0	9.18
620719	(1.3)	(5.4)	(6.7)	0	9.18
620341	(3.1)	(3.5)	(6.6)	0	9.18
620211	(1.0)	(5.6)	(6.6)	0	9.18
621111	(1.6)	(3.9)	(5.6)	0	9.18
621290	(1.5)	(3.9)	(5.3)	0	6.5
620610	(2.4)	(2.8)	(5.2)	0	9.18
620411	(2.2)	(2.7)	(4.9)	0	9.18
621430	(2.1)	(2.9)	(4.9)	0	8
621410	(2.6)	(2.0)	(4.6)	0	8
620191	(2.1)	(2.4)	(4.5)	0	9.18
621120	(2.0)	(1.6)	(3.6)	0	9.18
621020	(1.0)	(2.4)	(3.4)	0	9.18
620291	(1.0)	(1.7)	(2.8)	0	9.18
620311	(0.9)	(1.1)	(1.9)	0	9.18
621230	(0.5)	(1.2)	(1.7)	0	6.5
621510	(0.7)	(1.0)	(1.7)	0	6.3
620461	(0.6)	(0.8)	(1.5)	0	9.18
621420	(0.6)	(0.7)	(1.3)	0	8
621112	(0.2)	(0.7)	(1.0)	0	9.18
620620	(0.6)	(0.3)	(0.9)	0	9.18
621590	(0.2)	(0.3)	(0.6)	0	6.3
620459	(0.2)	(0.3)	(0.6)	0	9.18
620431	(0.3)	(0.2)	(0.5)	0	9.18
621390	(0.1)	(0.2)	(0.3)	0	9.18

## Annex C. Conditions to meet product-specific rules for potential goods

Table below specifies the conditions which must be met for the processing of the goods to meet the product-specific rules for the identified potential goods.<sup>9</sup> Product-specific rules vary according to the preferential arrangement.

Product Code	Product description	Conditions
Chapter 02	Meat and edible meat offal	Manufacture in which all the meat and edible meat offal in the goods of this chapter is wholly obtained in the country or territory
Chapter 03	Fish and crustaceans, molluscs and other aquatic invertebrates, except for:	None if the fish and crustaceans, molluscs and other aquatic invertebrates are wholly obtained in the country or territory
0306	Crustaceans, whether in shell or not, dried, salted or in brine; crustaceans, in shell, cooked by steaming or by boiling in water, whether or not chilled, frozen, dried, salted or in brine; flours, meals and pellets of crustaceans, fit for human consumption	Manufacture in which all the materials of Chapter 3 used are wholly obtained in the country or territory
Chapter 07	Edible vegetables and certain roots and tubers	Manufacture in which all the materials of Chapter 7 used are wholly obtained in the country or territory
Chapter 08	Edible fruit and nuts; peel of citrus fruits or melons	Manufacture in which: <ul style="list-style-type: none"> <li>all the fruit, nuts and peels of citrus fruits or melons of Chapter 8 used are wholly obtained in the country or territory, and the weight of sugar used does not exceed 40% of the weight of the final good</li> </ul>
Chapter 10	Cereals	Manufacture in which all the materials of Chapter 10 used are wholly obtained in the country or territory
Chapter 22	Beverages, spirits and vinegar	Manufacture from materials of any heading, except that of the good and headings 2207 and 2208, in which: <ul style="list-style-type: none"> <li>all the materials of sub-headings 0806 10, 2009 61, 2009 69 used are wholly obtained in the country or territory, and</li> <li>the individual weight of sugar and of the materials of Chapter 4 used does not exceed 40% of the weight of the final good, and</li> <li>the total combined weight of sugar and the materials of Chapter 4 used does not exceed 60% of the weight of the final good</li> </ul>

Product Code	Product description	Conditions
Chapter 25	Salt; sulphur; earths and stone; plastering materials, lime and cement; except for:	Manufacture from materials of any heading, except that of the good or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good
Chapter 27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes, except for:	Manufacture from materials of any heading, except that of the good or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils	Operations of refining and one or more specific processes or Other operations in which all the materials used are classified within a heading other than that of the good. However, materials of the same heading as the good may be used, provided that their total value does not exceed 50% of the ex-works price of the good
Chapter 30	Pharmaceutical products	Manufacture from materials of any heading
Chapter 39	Plastics and articles thereof; except for:	<div> <div>a. <u>LDCs</u> Manufacture from materials of any heading, except that of the good or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good</div> <div> b. <u>Other beneficiary countries.</u> Manufacture from materials of any heading, except that of the good. or Manufacture in which the value of all the materials used does not exceed 50% of the ex-works price of the good </div> </div>

Product Code	Product description	Conditions	
3907	- Copolymer, made from polycarbonate and acrylonitrile-butadienestyrene copolymer (ABS)	<p>a. <u>LDCs</u>  Manufacture from materials of any heading, except that of the good. However, materials of the same heading as the good may be used, provided that their total value does not exceed 50% of the ex-works price of the good</p> <p>or</p> <p>Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good</p>	<p>b. <u>Other beneficiary countries</u>  Manufacture from materials of any heading, except that of the good. However, materials of the same heading as the good may be used, provided that their total value does not exceed 50% of the ex-works price of the good</p> <p>or</p> <p>Manufacture in which the value of all the materials used does not exceed 50% of the ex-works price of the good</p>
	- Polyester	<p>a. <u>LDCs</u>  Manufacture from materials of any heading, except that of the good</p> <p>or</p> <p>Manufacture from polycarbonate of tetrabromo- (bisphenol A)</p> <p>or</p> <p>Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good</p>	<p>b. <u>Other beneficiary countries</u>  Manufacture from materials of any heading, except that of the good</p> <p>or</p> <p>Manufacture from polycarbonate of tetrabromo- (bisphenol A)</p> <p>or</p> <p>c. Manufacture in which the value of all the materials used does not exceed 50% of the ex-works price of the good</p>
Chapter 42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk worm gut)	<p>Manufacture from materials of any heading, except that of the good</p> <p>or</p> <p>Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good</p>	

Product Code	Product description	Conditions	
Chapter 61	Articles of apparel and clothing accessories, knitted or crocheted:		
	- Obtained by together or otherwise assembling, two or more pieces of knitted or crocheted fabric which have been either cut to form or obtained directly to form	a. <u>LDCs</u> Manufacture from fabric	b. <u>Other beneficiary countries</u> Knitting and making-up (including cutting)
	Other	Spinning of natural or man-made staple fibres or extrusion of man-made filament yarn, in each case accompanied by knitting (knitted to shape goods) or Dyeing of yarn of natural fibres accompanied by knitting (knitted to shape goods)	
Chapter 62	Articles of apparel and clothing accessories, not knitted or crocheted; except for:	a. <u>LDCs</u> Manufacture from fabric	b. <u>Other beneficiary countries</u> Weaving accompanied by making-up (including cutting) or Making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerizing, heat setting, raising, calendaring, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47.5% of the ex-works price of the good

Product Code	Product description	Conditions	
6202; 6204; 6206; 6209; 6211	Women's, girls' and babies' clothing and clothing accessories for babies, embroidered	a. <u>LDCs</u> Chapter Rule applies	b. <u>Other beneficiary countries</u> Weaving accompanied by making-up (including cutting) or Manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40% of the ex-works price of the good
6301 to 6304	Blankets, travelling rugs, bed linen etc.; curtains etc.; other furnishing articles:		
	- Of felt, of nonwovens	a. <u>LDCs</u> Any non-woven process including needle punching accompanied by making up (including cutting)	b. <u>Other Beneficiary countries</u> Extrusion of man-made fibres or use of natural fibres in each case accompanied by nonwoven process including needle punching and making-up (including cutting)
	Other		
	- Embroidered	Weaving or knitting accompanied by making-up (including cutting) or Manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40% of the ex-works price of the good	
6307	Other	Weaving or knitting accompanied by making-up (including cutting)	
	Other made-up articles, including dress patterns	Manufacture in which the value of all the materials used does not exceed 40% of the ex-works price of the good	

Product Code	Product description	Conditions	
6306	Tarpaulins, awnings and sun-blinds; tents; sails for boats, sailboards or land-craft; camping goods:		
	- Of nonwovens	a. <u>LDCs</u> Any non-woven process including needle punching accompanied by making up (including cutting)	c. <u>Other beneficiary countries</u> Extrusion of man-made fibres or natural fibres in each case accompanied by any non-woven techniques including needle punching
	- Other	Weaving accompanied by making-up (including cutting) or Coating provided that the value of the uncoated fabric used does not exceed 40% of the ex-works price of the good, accompanied by making-up (including cutting)	
Chapter 64	Footwear, gaiters and the like; parts of such articles; except for:	Manufacture from materials of any heading, except from assemblies of uppers affixed to inner soles or to other sole components of heading 6406	
Chapter 85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles; except for:	Manufacture from materials of any heading, except that of the good or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good	
8502	Electric motors and generators; Electric generating sets and rotary converters	a. <u>LDCs</u> Manufacture from materials of any heading, except that of the good and of heading 8503 or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good	b. <u>Other beneficiary countries</u> Manufacture from materials of any heading, except that of the good and of heading 8503 or Manufacture in which the value of all the materials used does not exceed 50% of the ex-works price of the good

Product Code	Product description	Conditions
Chapter 90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof, except for:	Manufacture from materials of any heading, except that of the good or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good
Chapter 94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings	Manufacture from materials of any heading, except that of the good or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good
Chapter 95	Toys, games and sports requisites; parts and accessories thereof, except for:	Manufacture from materials of any heading, except that of the good or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good
9506	Golf clubs and parts thereof	Manufacture from materials of any heading, except that of the good. However, roughly-shaped blocks for making golf-club heads may be used

## Note

- 9 ITC (2021), 'Schedule 1: Conditions which must be met for the processing of goods to constitute an important stage of manufacture', available at: [https://findrulesoforigin.org/documents/pdf/itc01105\\_sroo.pdf](https://findrulesoforigin.org/documents/pdf/itc01105_sroo.pdf)





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