ANALYZING THE BARRIERS OF PAK-INDIA TRADE ON TEXTILE EXPORTS BY USING CGE MODEL

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Abstract: This research investigates the analyzing the barriers of Pak-india trade on textile exports by using CGE model. Data were collected from 50 exporters by using simple random technique. Data were analyzed by using SPSS-21 version, A structural questionnaire was developed for the reliability and validity of the data. It was revealed that Exporters' opinion on export after decreasing the strength of barriers Exporters have been asked if they are ready to export more to the INDIA after these barriers will be less, and 70% of the exporters said yes, 22% said maybe, and 8% said no. Thus, exporters are positive regarding export to the INDIA. India's export to the INDIA can be increased if these barriers get less or are removed. It was further revealed that Accordingly, the result suggests that a reduction of import tariffs to 10 percent will increase Pakistan's welfare and terms of trade as well. Although one might expect that the reduction of import tariffs would increase domestic output and therefore increase exports, this policy reform would adversely affect Pakistan's domestic output in most of the sectors because of foreign competition. A similar impact can be seen in exports to the US.

Key Words - ISSUES, PAK-INDIA, TRADE

Introduction

Textile industry of Pakistan is broadly divided into many sectors that are Ginning, Spinning, Weaving, Knitting, Towel, Dying, Printing, Processing, Hosiery, Made-ups and Garments. As the first objective is concerned with understanding the current status of textile industry; in this connection a survey of the entire textile industry will be conducted. A total of 48 companies were be selected for conducting the research in Hyderabad, Kotri, Karachi, Faisalabad and Lahore region including the key integrated textile units to ensure full representation of all sectors. Further the above sectors of textile industry were lumped together into four major sectors as Spinning, Weaving (including Knitting, Dying & Printing (including Processing and Bleaching), and Garments (including Made-ups, towel, Hosiery and other manufactured items) for compiling the qualitative information. The survey methodology included a combination of primary data that was generated through a questionnaire and intensive interviews with individuals connected to the industry to identify
their internal issues, national issues, global issues and required remedial actions and the secondary data included journal articles, trade policies of Pakistan, news, and internet which were helpful for the second and the third objectives. In the second objective the graphs are used to explain the growth pattern of textile exports from the year 1980 to 2009 as the implementation of WTO on textile industry of Pakistan started from 1995 that was 100% complete in 2005. Therefore the starting 14 years from 1980 to 1994 are considered as the time period with quotas, whereas the last 14 years from 1995 to 2009 are considered as the quota free era. In the third objective developing countries like China, India, Sri Lanka and Bangladesh are taken into account to analyze the effects of WTO on them. Here the information collected through the above mentioned secondary sources regarding the benefits of becoming the member of WTO and the problems associated with its implementation are highlighted.

The Textile Industry of Pakistan

One of the major economic indicators for the development of Pakistan economy is textile Industry. Textile Industry is an important source of the overall and major export of the country. In fact, Pakistan is ranked in top most leading cotton producing countries of the world. Statistically, till 1997 Pakistan was named as world’s largest exporter of yarn. In 1999, it was ranked on the second position in the largest exporter of textile made-ups list. In textile made-ups sources, the second largest sources were the bed wear and linens sub sectors. These both shared about 28 per cent share of total textile made-ups in 1999 (SMEDA, 2002). In addition, Pakistan became second largest exporter of bed wear and linen globally during that period.

DATA COLLECTION METHODOLOGY

Data were collected from 50 exporters by using simple random technique. Data were analyzed by using SPSS-21 version, A structural questionnaire was developed for the reliability and validity of the data.

| Countries | EV US$  | % of GDP | TOT | V-Export | V-Import | Exp-Price | Import-Price | DTBAL-Price |
|-----------|--------|----------|-----|----------|----------|-----------|--------------|-------------|
| IND       | 3213.97| 3.40     | 0.41| 0.4      | 1.23     | 2.1       | 3.68         | 109.74 m    |
| PAK       | 4442.63| 4.35     | 5.98| 2.19     | 0.61     | -8.97     | 5.44         | 285.66m     |
| XSA       | -1592.56| -1.74   | -0.57| -3.92   | 31.54    | 24.83     | -2.12        | -1322.73m   |
| XWA       | -375.79| -0.02    | 0.00| -0.04   | 0.00     | -0.06     | -0.05        | 149.69m     |
All experiments were conducted with the standard general equilibrium closure of the GTAP model. According to the results, baseline tariff for India is 18%, SAFTA tariff is 5%, and given MFN Tariff is 15% and rest of the world is 15%. The first experiment considered the Pakistan's reduction of import tariffs to 15% under the unilateral trade liberalization. The impact of this scenario on regional welfare and the resulting percentage changes in sectoral output and trade are reported in Table 6.1. Accordingly, if Pakistan (PAK) reduces its import tariffs to 15% unilaterally on a global basis to maintain a uniform external tariff rate, Pakistan's EV US$ 4442.63 and GDP 4.35, and India's EV US$ 321 million (3.40 percent of the GDP). Under this scenario, Pakistan's volume of imports rises by 1.23 percent while its volume of exports falls slightly by 0.4 percent reflecting the fact that the pressure to increase imports is stronger than the increase in demand for Pakistan's exports by unilateral liberalization. However, as a result of the composite export price increase by 2.1 percent, Pakistan's experiences a small improvement in the terms-of-trade of 1.5 percent and the real GDP by 0.9 percent. The welfare gains or losses for other regions are quite varied under this simulation. However, since Pakistan's impact on unilateral reduction of import tariffs to 15 percent will not affect other regions' real GDP or terms-of-trade significantly.

IND=INDIA
PAK=PAKISTAN
XSA=REST OF SOUTH ASIA
XWA=REST OF WORLDS
Table 6.2: Experiment-115PercentUniformImportTariffsEstimatedPercentageChangesinRegionalOutputandTrade

| Sector | IND | PAK | XSA | XWA |
|--------|-----|-----|-----|-----|
| (a) Industry Output (In Millions) | | | | |
| TEXT | 1.45.03 | 2.60 | 0.01 | 0.11 |
| (b) Export (In Millions) | 0 | 0 |
| TEXT | -0.16 | 5.79 | 0.01 | 0.11 |

Tariff Rates:
- 5% SAFTA
- 15% XWA
- 5% XSA
- 15 MFN
The trade reform scenario (Experiment-2) was conducted under the regional trade liberalization policy option to examine the impact of South Asian Free Trade Agreement-SAFTA in different contexts from the perspective of Pakistan. As a member of the SAFTA, Pakistan committed to continue major trade liberalization measures, to establish and promote free trade arrangements for strengthening inter-regional economic co-operation and the development of national economies. In this experiment, it was assumed that Pakistan and each of the SAARC member countries in the model (India and the Rest of South Asia comprising Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka) remove their tariffs against each other, while maintaining heir tariffs against the rest of the South Asia.

### Table 6.2: Experiment-2 South Asian Free Trade Agreement-SAFTA - Estimated Welfare and Trade Effect

| Countries | EV US$  | % Of GDP | TOT | Volume-Export | Volume-Import | Export Price | Import Price | DTBAL US$ |
|-----------|---------|----------|-----|---------------|--------------|-------------|-------------|-----------|
| IND       | 5434.97 | 4.34     | 0.80| 5.40          | 4.00         | 9.38        | 8.68        | -1100.9   |
| PAK       | 5643.63 | 6.35     | 0.99| 7.11          | 7.77         | 5.97        | 7.44        | -786.77   |
| RAS       | -1592.56| -1.74    | -0.57| -3.92        | 31.54        | 24.83       | 2.12        | -1322.7   |

**Tariff Rates**
- SAFTA=5%
- MFN=10%
- XWA=10%
- SAFTA=10%

The trade reform scenario (Experiment-2) was conducted under the regional trade liberalization policy option to examine the impact of South Asian Free Trade Agreement-SAFTA in different contexts from the perspective of Pakistan. As a member of the SAFTA, Pakistan committed to continue major trade liberalization measures, to establish and promote free trade arrangements for strengthening inter-regional economic co-operation and the development of national economies. In this experiment, it was assumed that Pakistan and each of the SAARC member countries in the model (India and the Rest of South Asia comprising Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka) remove their tariffs against each other, while maintaining heir tariffs against the rest of the South Asia.

### Table 6.3: Experiment-2

| Sector                          | IND | PAK | XSA | XWA |
|---------------------------------|-----|-----|-----|-----|
| **(a) Industry Output**        |     |     |     |     |
| Text                            | 0.03| 0.60| 0.01| 0.11|
| Exports                         |     |     |     |     |
| Text                            | -0.16| 8.79| 0.01| 0.11|

**Tariff Rates**
- SAFTA=5%
- MFN=10%
- XWA=10%
- SAFTA=10%
committed to continue major trade liberalization measures, to establish and promote free trad
arrangements for strengthening inter-regional economic co-operation and the development of
national economies. In this experiment, it was assumed that Pakistan and each of the SAARC
member countries in the model (India and the Rest of South Asia comprising Bangladesh,
Bhutan, Maldives, Nepal and Sri lanka) remove their tariffs against each other, while maintaining heir
tariffs against the rest of the South Asia. According to results in SAFTA 5% tariff the Pakistan
industry output .079 compare to India -0.4 that Pakistan’s will benefit on SAFTA trade with India.
Indian industry out put show s that in Auto, Textile India’s position is better in compare with
Pakistan,The experimentconsidered that Pakistan’s reductionofimporttariffsto10percentundertheunilateraltradeliberalization.Theimpactofthisscenarioonregionalwelfareandthereultingpercentagechanges insectorialoutputandtradearereportedinTable6.1,
6.2,and6.3 respectively. Accordingly, if Pakistan reduces its import tariffsto10percentunilaterallyonaglobal
basistomaintainuniformexternaltariffrate, Pakistan sexperiences awelfaregainaroundUS$201million(1.53percentoftheGDP). Under this scenario, Pakistan’s volume of importsrisers by 3.3percentwhileitsvolumeofexportsfallslightlyby0.3percentreflectingthe fact that the
pressure to increase imports is stronger than the increase in demand for Pakistan’s exports by unilateral
liberalization. However, as a result of the composite export price increase by 1.1 percent, Pakistan’s
experiences a small improvement in the terms of trade of 1.5 percent and thereal GDP by 0.8 percent. The welfaregains or losses for other regions are quite
varied under this simulation. However, the impact of Pakistan’s unilateral reduction of import tariffsto10percent will not affect other region’s seal GDP or terms of
trade significantly.

Accordingly, the resultssuggest that a reduction of import tariffsto10percent will increase Pakistan’s
welfare and terms of trade as well. Although one might expect that the reduction of import tariff would increase the domestic output and therefore
increase export sales, this policy reform would adversely affect Pakistan’s
domestic output and most of these sectors because of foreign competition. Asimilar impact can be seen in exportsalestoo.

| Sector | PAK | IND | XSA | XWA |
|--------|-----|-----|-----|-----|
| TEXT   | -0.078 | -5.60 | 0.06 | 0.45 |

Table6.4: South Asian Free Trade Agreement-SAFTA (continued)
Estimated Percentage Changes in Regional Output and Trade

| Aggregate Exports |

| Sector | PAK | IND | XSA | XWA |
|--------|-----|-----|-----|-----|
| TEXT   | -0.078 | -5.60 | 0.06 | 0.45 |

| Aggregate Imports |

| Sector | PAK | IND | XSA | XWA |
|--------|-----|-----|-----|-----|
| TEXT   | -0.078 | -5.60 | 0.03 | 0.45 |

Experiments-Sensitivity of the Results

As portrayed already, to measure the effect of Trade strategy changes on Pakistan's Trade with India, three extra investigations were attempted with an expanded versatility esteem for the import-import substitution parameter (Armington parameter)- ESUBM, to consider as Pakistan-India Trade connection. As needs be, under these three trials, to start with, the span of the ESUBM expanded by 50 percent, and after that multiplied the worth (100 percent expansion) to decrease Pakistan's business sector power on the planet market. This would give a chance to look at the affectability or power of the model forecasts regarding the adjustment in the fundamental parameters.

Table .6.3 introduces the consequences of these three investigations with the focal versatility esteem situations. In this manner, under the 15 percent uniform outer tax situation (E-4), in the event that we lessens Pakistan's business sector power by expanding the estimation of ESUBM by 50 percent (E- 4.1), it would build welfare pick up around US$201.84 million (0.60 percent of the GDP). Thus, multiplying the worth (100%) of ESUBM (E-4.2) would expand Pakistan's welfare by around US$237.60 million (or 2.41 percent of the GDP). In the previous case, the increment in welfare from
the focal worth is 0.44 percent, and in the last case, it is around 0.47 percent. In spite of the fact that
these progressions are moderately little, it would recommend that even as a major nation would be in a
position to pick up from the one-sided Trade liberalization. The welfare increments for the nation as the
flexibilities increment. On the other hand, under these two situations, we little increment as far as Trade
as flexibilities increments. Besides, under these situations, the effect on terms-of-Trade is very little
unique in relation to the focal situation case

Essentially, test 2 (E-2) manages the SAFTA situation. As appeared in Table17, with the esteem's
increment of ESUBM, both the welfare and the terms-of-Trade will increment straightly from the focal
situation case. Subsequently, the welfare pick up for Pakistan's under the 50 percent expansion in
ESUBM (E-5.1) is roughly US$33.38 million (2.58 percent of the GDP), though under the 100 percent
expansion situation (E-5.2), it is around US$422 million (2.33 percent of the GDP). Along these lines
the welfare will increment by 4.2 percent from its focal quality situation, and in the last case it will
increment by 5.2 percent. Along these lines, welfare increments as variabilities increment. Along these
lines, the additions are fairly direct with both the cases mirroring the model's power results.

Test 3 (E-3) considered the consolidated arrangement of SAFTA cum 15% uniform import levies
situation Thus, half increment of the estimation of ESUBM (E-6.1), would expand welfare pick up
around US$31 million (from US$221 million at the focal situation) or 5.11 percent of the GDP. Here, the
increment in welfare from the focal worth is 31 percent. Essentially, multiplying the estimation of
ESUBM (E-6.2) would expand Pakistan's welfare by around US$720 million or 7.22 percent of the
GDP. For this situation, the increment in welfare from the focal quality is 61 percent. Additionally, under
these two situations, the increment as far as Trade is 8.0 and 8.8 individually. Accordingly the changes
in the terms of Trade from the focal worth are 1.7 and 3.6 percent separately. In spite of the fact that
these welfare and terms-of-Trade increases are not directly identified with the adjustments in the
Armington variabilities ESUBM, the outcome would propose that one-sided Trade liberalization in blend
with territorial Trade liberalization licenses Pakistan to grow its fare segments while all segments
contend all the more nearly with a bigger number of contending mixed bags from abroad.

Table 6.3. Highlights Pakistan's sectorial yield, fares and imports under the affectability examination
situations. Appropriately, Pakistan's industry yield falls altogether in all most every one of the divisions
aside from critical increments in Agriculture and Textile wearing attire. Pakistan's fare additionally
diminish extensively under every one of the examinations as appeared in of Table 6.4, aside from
Textile and farming under E-2, and E-3 Auto Parts, under E-6 Parma, and Financial Services and
Insurance and Transport and Logistics. India's position in E-2 and E-3 vastly improved contrast with
Pakistan.

Non-Economic Benefits

Other than the welfare and terms of Trade additions recommended by the reenactments, provincial
Trade liberalization under SAFTA may have some non-financial advantages to Pakistan especially
social and political advantages; those are hard to represent quantity. For instance, SAFTA can help its
individuals to talk with one voice in worldwide arrangements and build up a typical comprehension on a
few worldwide Trade related issues. It could likewise decrease the political question among individuals
and make the locale a more appealing area for outside direct ventures. Pakistan is essential for getting
noteworthy advantages from FDI, liberalization of Trade and FDI approaches should be supplemented
by fitting arrangement measures regarding training, R&D, and human capital aggregation if Trade
transaction with India will restore.

6.5. ISSUES ON SAFTA OF TEXTILE INDUSTRY OF PAKISTAN

The Cronbach alpha test was applied for reliability and internal consistency of the multi-
itembarriersonallbarriers. Theinternalconsistencyofthequestionnairewas checked by this test.

Table6.5. Reliability Statistics

| Cronbachalpha | Cronbachalphabasedonstandardized | N | Items |
|---------------|----------------------------------|---|-------|
| 987           | 988                              | 25 |       |

From Table 6.5 one can see that the Cronbach alpha value is 0.98 which is considered to have a very high
internal consistency and reliability. So, it was concluded that the scales for the multi-item barrier questions
were very reliable and had an internal consistency
6.5. Exporters’ perception of barriers during export/Nature of problem faced by Pakistani exporters during export to the INDIA

One-sample test

| Barrier                                      | N  | Mean     | Std. dev | t-value | Sig. | Sig. at 05 |
|---------------------------------------------|----|----------|----------|---------|------|-------------|
| Tariff barrier                              | 50 | 3.0667   | 1.19131  | 7.196   | 0.0  | Yes         |
| Governmental regulations                    | 50 | 3.4667   | 1.25505  | 9.299   | 0.0  | Yes         |
| Price of the commodity                      | 50 | 2.5833   | 1.12433  | 4.294   | 0.0  | Yes         |
| Market access problem                       | 50 | 3.5000   | 1.44386  | 8.262   | 0.0  | Yes         |
| Informational barrier                       | 50 | 3.0667   | 1.26044  | 6.801   | 0.0  | Yes         |
| Legal and political barriers                | 50 | 2.4000   | 1.06086  | 3.213   | 0.02 | Yes         |
| Custom procedure and licensing              | 50 | 3.5000   | 1.30838  | 9.117   | 0.0  | Yes         |
| Technical standards                         | 50 | 4.1000   | 1.18893  | 13.942  | 0.0  | Yes         |
| Anti-dumping                                | 50 | 3.1000   | 1.50367  | 5.873   | 0.0  | Yes         |
| Languages and customs                       | 50 | 3.0167   | 1.96536  | 8.479   | 0.0  | Yes         |
| Culture                                     | 50 | 2.8500   | 1.32544  | 5.201   | 0.0  | Yes         |
| Labeling and packaging requirement         | 50 | 4.0333   | 1.05713  | 15.192  | 0.0  | Yes         |
| Sanitary and phytosanitary (SPS) measures   | 50 | 3.9500   | 1.06445  | 14.481  | 0.0  | Yes         |
| Import quotas of destination country        | 50 | 2.4333   | 1.14042  | 3.215   | 0.02 | Yes         |
| Demand of the product                       | 50 | 2.7000   | 1.19745  | 4.787   | 0.0  | Yes         |
| Competition from firms in foreign mark      | 50 | 2.5833   | 1.23908  | 3.897   | 0.0  | Yes         |
| Lack of capital to finance expansion into foreign markets | 50 | 2.9667   | 1.22082  | 6.387   | 0.0  | Yes         |
| Business environment                        | 50 | 2.6000   | 1.06086  | 4.673   | 0.0  | Yes         |
| Industrial property rights and copyright    | 50 | 2.7333   | 1.27381  | 4.703   | 0.0  | Yes         |
| Corruption                                  | 50 | 2.6167   | 1.27680  | 3.984   | 0.0  | Yes         |
| Currency Trader                             | 50 | 3.2667   | 1.19131  | 8.496   | 0.0  | Yes         |
| Climatic conditions of destination country  | 50 | 2.0500   | 1.01556  | 6.866   | 0.0  | Yes         |
| Transportation cost and duration            | 50 | 2.7833   | 1.23634  | 5.158   | 0.0  | Yes         |
| Certification                               | 50 | 3.3167   | 1.26881  | 8.282   | 0.0  | Yes         |
| Working structure/schedule of the targeting country | 50 | 1.6667   | 1.83700  | -2.715  | 0.09 | Yes         |

Table 6.5 shows that Pakistani exporters have significant feelings for all the barriers except the climatic conditions of the destination country, which are regarded by the mas a Internal factor.

6.7 Percentage analysis

Percentage analysis has been done to check the strength of each significant barrier. These barriers are divided into two parts – common barriers to export and hidden barriers. Common barriers are those that exist due to government regulations and policies and which global organizations such as WTO find a solution, and they can solve through the agreements. Hidden barriers are those that exist naturally, and government bodies cannot really make solutions on them, but these hidden barriers can affect export negatively.
### 6.6 Common Barriers

Table 6.6: Percentage analysis of Pakistani exporters' perception of common barriers

| No. | Common Barriers                        | NotandIssuea(1) | No barrier(2) | Notseenabarrier(3) | barrier(4) | Veryseriousbarrier(5) |
|-----|----------------------------------------|------------------|---------------|--------------------|------------|----------------------|
| 1.  | Tariff                                 | 5%               | 37%           | 20%                | 23%        | 15%                  |
| 2.  | Governmental regulations               | 10%              | 15%           | 13%                | 42%        | 20%                  |
| 3.  | Customs procedure and licensing        | 7%               | 22%           | 17%                | 25%        | 30%                  |
| 4.  | Anti-dumping                           | 17%              | 25%           | 12%                | 20%        | 27%                  |
| 5.  | Technical standards and health regulations | 5%            | 10%           | 8%                 | 30%        | 47%                  |
| 6.  | Sanitary and phytosanitary measures    | 2%               | 13%           | 8%                 | 42%        | 35%                  |
| 7.  | Import quota of destination country    | 23%              | 33%           | 25%                | 13%        | 5%                   |
| 8.  | Industrial property rights and copyrights | 20%         | 27%           | 23%                | 20%        | 10%                  |
| 9.  | Certification                          | 10%              | 20%           | 17%                | 35%        | 18%                  |
| 10. | Price of the commodity                 | 20%              | 27%           | 33%                | 15%        | 5%                   |

Porter's perception of common barriers. Table 3 and Fig. 2 show that respondents regard governmental regulations, customs procedure and licensing, technical standards and health regulations, sanitary and phytosanitary measures and certification as the major barriers to export. The anti-dumping and tariff barriers are not the major barriers but tend to be the major ones. The tariff barrier may be due to several rounds of GATT and WTO. The import quota of the destination country and the price of the commodity are not regarded as barriers, either.
6.7. Hidden barriers

6.7.1 Table 6.7. Percentage analysis of Pakistani exporters' perception of hidden barriers

| No | Hidden barriers                        | Not an issue at all (1) | Not a barrier (2) | Not seen as a barrier (3) | Very serious barrier (5) |
|----|----------------------------------------|-------------------------|------------------|--------------------------|-------------------------|
| 1  | Market access problem                   | 13%                     | 17%              | 10%                      | 27%                     | 28%                     |
| 2  | Informational barrier                   | 13%                     | 23%              | 18%                      | 33%                     | 17%                     |
| 3  | Legal and political barriers            | 25%                     | 27%              | 33%                      | 13%                     | 2%                      |
| 4  | Languages and customs                   | 5%                      | 23%              | 43%                      | 22%                     | 7%                      |
| 5  | Culture                                 | 17%                     | 32%              | 15%                      | 23%                     | 13%                     |
| 6  | Demand of the product                   | 20%                     | 22%              | 35%                      | 15%                     | 8%                      |
| 7  | Competition from the foreign market     | 25%                     | 23%              | 27%                      | 18%                     | 7%                      |
| 8  | Lack of capital to finance expansion into foreign market | 15% | 18% | 33% | 22% | 12% |
| 9  | Business environment of the targeting country | 18% | 25% | 38% | 15% | 3% |
| 10 | Corruption                              | 23%                     | 30%              | 15%                      | 25%                     | 7%                      |
| 11 | Currency Trader rate                    | 8%                      | 20%              | 23%                      | 33%                     | 15%                     |
| 12 | Transportation cost and duration        | 17%                     | 30%              | 20%                      | 25%                     | 8%                      |
| 13 | Working structure/schedule of the targeting country | 55% | 25% | 18% | 2% | 0% |
| 14 | Labeling and packaging regulations     | 3%                      | 7%               | 13%                      | 37%                     | 40%                     |

Table 6.7. and Fig. 3 show that the respondents regard the market access problems and labeling and packaging as the major barriers to export. Although not the major barriers but cultural alone, the currency trader rate and informational barriers tend to be the major barriers to export. The legal and political barriers, languages and customs, demand of the product, working structure/schedule of the targeting country, business environment are not regarded as barriers to export.

When exporters were asked about the other barriers they face than the above-mentioned common and hidden barriers, most of the respondents said that coordination is another barrier they face mostly during export.
Market access problem information barrier legal and political barriers languages and customs Culture Demand of the product Currency trade rate

Not an issue at all (1) No barrier (2) Not seen as barrier (3) barrier (4)

Fig. 3. Percentage analysis of Pakistani exporters' perception of hidden barrier

6.4. Exporters' attitude after decreasing the strength of barriers

Fig. 6.4. Exporters' opinion on export after decreasing the strength of barriers: Exporters have been asked if they are ready to export more to India after these barriers will be less, and 70% of the exporters said yes, 22% said maybe, and 8% said no. Thus, exporters are positive regarding export to the India. India's export to the India can be increased if these barriers get less or are removed.

Conclusions

This research focused on the Barrier of Pak-India trade relation on SAFTA by using Model Pakistan's volume of imports rises by 1.23 percent while its volume of exports falls slightly by 0.4 percent reflecting the fact that the pressure to increase imports is stronger than the increase in demand for Pakistan's exports by unilateral liberalization. However, as a result of the composite export price increase by 2.1 percent, Pakistan's experiences a small improvement in the terms-of-trade of 1.5
percent and the real GDP by 0.9 percent. The welfare gains or losses for other regions are quite varied under this simulation. However, since Pakistanis impact on unilateral reduction of import tariffs to 15 percent will not affect other region's real GDP or terms-of-trade significantly. Although not the major barriers, but cultural alone, the currency traderate and informational barriers end to be the major barrier to export. The Legal and Political barriers, Languages and Customs, demand of the product, working structure/schedule of the targeting country, business environment are not regarded as barriers to export.

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