

Despite ban, Pak imports from India jump 2x

The Shehbaz Sharif-led govt named a senior official 'trade minister' in Pakistan's New Delhi embassy in May

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Coinciding with the change in government in Pakistan in April, the country ramped up its imports from India despite Islamabad's ban on trade with its eastern neighbour.

India's exports to Pakistan more than doubled to \$142 million in the April-May period, from \$70 million during the same period a year ago, trade data available on the commerce ministry website showed. There were sugar exports worth \$86 million during the period under review.

During the first two months of FY23, Pakistan imported 282 items from India, of which 67 were pharmaceutical products. Besides sugar and pharmaceutical products, Pakistan imported organic chemicals, apparel and textiles, mineral fuels, coffee, tea, spices, rubber, fruits and vegetables, plastics, iron and steel, and matchboxes, among others.

The president of Pakistan Muslim League-Nawaz (PML-N), Shehbaz Sharif, took over as prime minister of Pakistan on April 11, after the Imran Khan-led Pakistan Tehreek-e-Insaf (PTI) government was ousted from power following the no-confidence



TRADE NEXT DOOR

TOP COMMODITIES INDIA EXPORTED TO PAKISTAN (April-May FY23)

Items	Value (\$ mn)
Sugar and sugar confectionery	85.8
Organic chemicals	21.8
Pharmaceutical products	15.8
Apparels	2.6
Mineral fuels	1.8

motion in the National Assembly.

In May, the new Pakistan government appointed a senior official as "trade minister" in the Pakistan embassy in New Delhi. However, Pakistan's Dawn newspaper reported, quoting unnamed officials, that the appointment was routine and "there is no change in Pakistan's policy on trade with India".

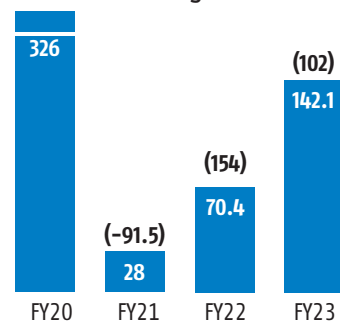
After India revoked the special status of Jammu and Kashmir in August 2019 by removing sections of Article 370, the Imran Khan govern-

ment suspended all kinds of trade with India. But after the coronavirus pandemic, Pakistan allowed the import of drugs and pharmaceuticals from India in May 2020.

India in February 2019 had withdrawn the most-favoured-nation (MFN) status for Pakistan and imposed a 200 per cent tariff on all imports from Pakistan after the Pulwama terror attack. But it didn't ban either exports or imports to Pakistan. While total trade between the two countries stood at \$2.6 billion

INDIA'S EXPORTS TO PAKISTAN

■ Exports in \$ mn for April-May period
% change YoY in brackets



Source: Commerce Ministry

lead for trade, investment and external relations (TIER) at the New Delhi-based think tank Indian Council for Research on International Economic Relations (ICRIER), said the fact that trade was taking place in a number of items showed that there remained a strong interdependence between the two countries. "Going forward, this lays the ground for opening up of trade which will benefit both countries. A cautious approach would be for the two countries to start with a positive list and then expand it gradually," she said.

Another trade expert said the Pakistan government is overlooking imports from India because the country desperately needs those items. "Exports from India is happening because Pakistan is permitting those items to come in. Trade is going to continue. It seems both countries will normalise their trade relationship after the general elections in India in 2024," he added.

The Sharif government announced a complete ban on the export of sugar from Pakistan in May amid soaring food prices in the country. Pakistan averted bankruptcy by striking a \$6-billion deal with the International Monetary Fund earlier this month.