

## **Manzil Pakistan Presentation for Management of the Pakistan Economy Conference at LSE**

Pakistan and India have not yet normalized trade relations despite sharing a common border for more than six decades. Although significant developments have been made since the beginning of 2011, benefits of bilateral trade have not been fully obtained. Pakistan is yet to reciprocate the MFN status, granted by India upon formation of WTO. The study presented by Manzil Pakistan CEO Ms. Naheed Memon at the LSE Conference on the 'Management of Pakistan's Economy' investigates the prudence of coaxing these countries to liberalize trade by studying the global competitiveness of Pakistan's industrial sector so as to derive direction for policy makers. A Revealed Comparative Advantage Index for manufacturing products at HS 2 digit level code is constructed for Pakistan, India and China for the years 2003 to 2012. The study identifies the changing pattern in comparative advantage of Pakistan's manufacturing industries. The study concludes that 18 industries should be protected upon liberalizing trade with India. These industries are termed as 'vulnerable', as they have moved from either borderline competitiveness to becoming uncompetitive or vice versa. The study also suggests that excessive concessions granted to China in the FTA and resistance to opening up trade with India may have resulted in inefficient trade i.e. imports from a less competitive partner and exports to a less lucrative market. The study establishes direction for further research to establish an ex ante impact of trade with India on the economy via change in production levels of these vulnerable industries given the impact of free trade with China and the availability of Chinese substitutes.