CHAPTER 10

SUSTAINABLE TRADE BRIDGES

Potential Prosperity for Pakistan and Uzbekistan in the CAREC Region

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manzil PAKISTAN

10.1 INTRODUCTION

Pakistan's economy has witnessed a number of golden days and dark nights since its independence in 1947. The country's rapid economic progress in the 1960s was appreciated worldwide. Many countries used the example of Pakistan's economic progress to guide their own development. Subsequently however, Pakistan faced a series of setbacks that diminished its pace of economic development. Despite its high geographic potential, the country's economic growth rate has stagnated. Pakistan is richly endowed with natural resources that have unfortunately remained largely untapped.

One of the biggest obstacles to realising the country's potential has been its security situation. However, the country's economy has shown great resilience, and has demonstrated the ability to bounce back after each setback. Foreign investors have regained their faith in the country's potential, and investment capital has begun to reenter the country. Pakistan's allies have demonstrated satisfaction and ease in collaborating with the country, and the process of development has been restarted. Another serious issue faced by Pakistan is climate change. Pakistan has proved to be extremely vulnerable to climate change. This has caused extreme weather events to occur regularly in the country, resulting in severe economic losses and loss of life. Pakistan is actively seeking sustainable green trade partnerships, while focusing intently on carbon emissions during production and trade transit.

Uzbekistan is similar to Pakistan in many respects. Uzbekistan is a relatively younger state than Pakistan, as it regained its independence after the dissolution of the USSR in 1991. Uzbekistan continues to explore various avenues for sustainable economic development through regional trade. Similar to Pakistan, Uzbekistan is also vulnerable to climate change. Consequently, the country faces the threat of recurring droughts, high temperatures, heat waves, heavy precipitation, mudflows, floods, and avalanches. Pakistan was among the first states to recognise Uzbekistan as an independent state in 1991. The first state visit from the Prime Minister Mian Muhammad Nawaz Sharif, and the subsequent return visit of Uzbekistan's president, Islam Karimov in 1992 laid the foundation for harmonious bilateral relations between the two countries (PBC, 2017).

There is considerable untapped potential for bilateral trade between Pakistan and Uzbekistan, and it is imperative for both countries to realise it sustainably. If prioritised, the products traded globally by Uzbekistan and Pakistan can have significant potential for bilateral trade. There is also need for genuine steps to be taken towards a greener route to bilateral trade development. Both countries need to prioritise ground-based routes for trade that are both environmentally friendly and sustainable.

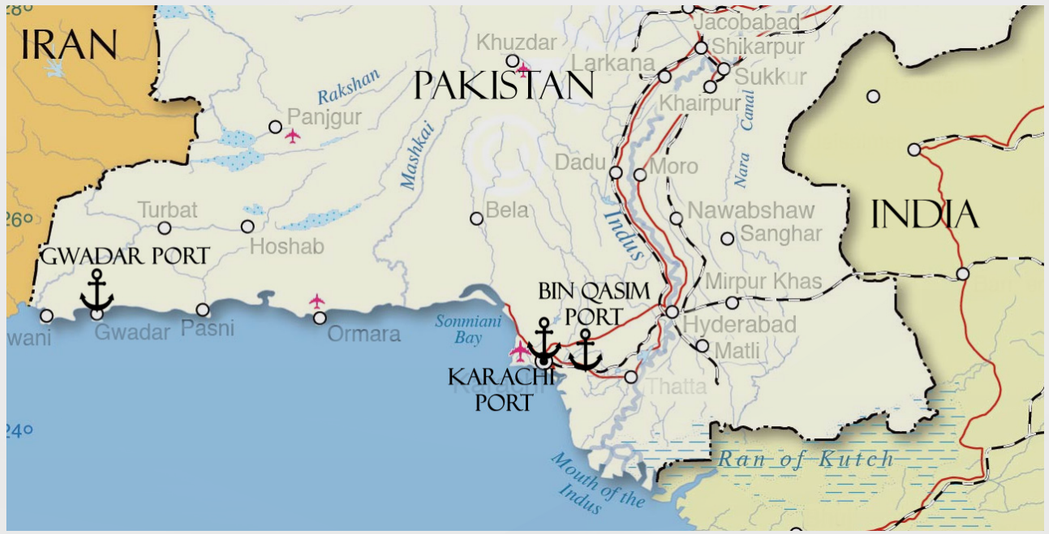
10.2 ISLAMIC REPUBLIC OF PAKISTAN

Surrounded by Iran in the west, Afghanistan in the northwest, India in the east, and China in the north, Pakistan is located in the heart of South Asia. The country was founded on 14th August 1947, following the exit of the British from the Indian Subcontinent. Its southern border touches the Arabian Sea that provides it access to numerous seaports. The geographical location of the country is ideal for the enhancement of trade in the region.

Pakistan faced a deteriorating state of national security that hindered its economic growth for more than a decade. Despite success in tackling economic threats, the country continues to face the threat of climate change-induced extreme weather events due to increased carbon emissions in the region. Pakistan is not a significant contributor to global warming, but is on a high-growth trajectory of carbon emissions linked to high fossil fuel use (WorldBank, 2022). Pakistan is making efforts to reduce its carbon emissions and is actively seeking sustainable trade partnerships. Pakistan offers the shortest land route to the Central Asian Republics (CARs) to access the Arabian Sea for trade: 2600 km via Afghanistan compared to Iran (4500 km) and Turkey (5000 km) (TDAP, 2021).

Pakistan has a coastline of 1046 km along the Arabian Sea with several large and small ports. The most notable seaports in Pakistan are the Karachi, Bin Qasim, and Gwadar seaports, shown in Figure 10.1.

Figure 10.1: Pakistan's Major Ports



Source: Nations Online Project

Karachi Port is a large-scale deep-seaport operating along Pakistan's Arabian Sea coastline. The port handles nearly 60% of all national shipments. It has been in operation since the early 18th century. Presently, the port comprises 32 km of wharves and docks. The anchorage depth is 16 m, with 41 berths and 8 wharves available for commercial vessels. Karachi also hosts another major seaport, Bin Qasim Port. The Bin Qasim port is the second largest port in Pakistan and one of the top 150 ports in the world. It is a 50 square kilometer wide, deep-seaport constructed in an artificial harbour in the Sindh Province. It handles approximately 35% of the total maritime trade through Pakistan. Another prominent seaport in Pakistan is Gwadar port, situated in Balochistan Province and in close proximity to Iran's Chahbahar port. Gwadar is key to the trade transit of Pakistan-Afghanistan, and is a hub in the proposed China-Pakistan Economic Corridor (CPEC). The port is linked to the Maritime Silk Road and Belt & Road Projects (MarineInsight, 2021).

10.2.1 China-Pakistan Economic Corridor (CPEC)

Over the past decade, Pakistan has accelerated its diplomatic activities and achieved several remarkable milestones deemed essential to the development of the country's economy. The biggest feat of the previous decade is the CPEC, which is a framework of regional connectivity. This development project aims to connect the Gwadar Port of Pakistan to China's northwestern region of Xinjiang via a network of highways, railways, and pipelines. The economic corridor is projected to run approximately 2700 km from Gwadar to Kashghar. With further expansion, the corridor will provide access to Pakistani seaports to other countries in the region. The CPEC will not only benefit China and Pakistan, but will also have a positive impact on the economies of Iran, Afghanistan, the CARs, and the region in general. The enhancement of geographical linkages requires improved road, rail, and air transportation systems with frequent and free exchanges of growth stimuli. This will promote people-to-people contact and enhance understanding

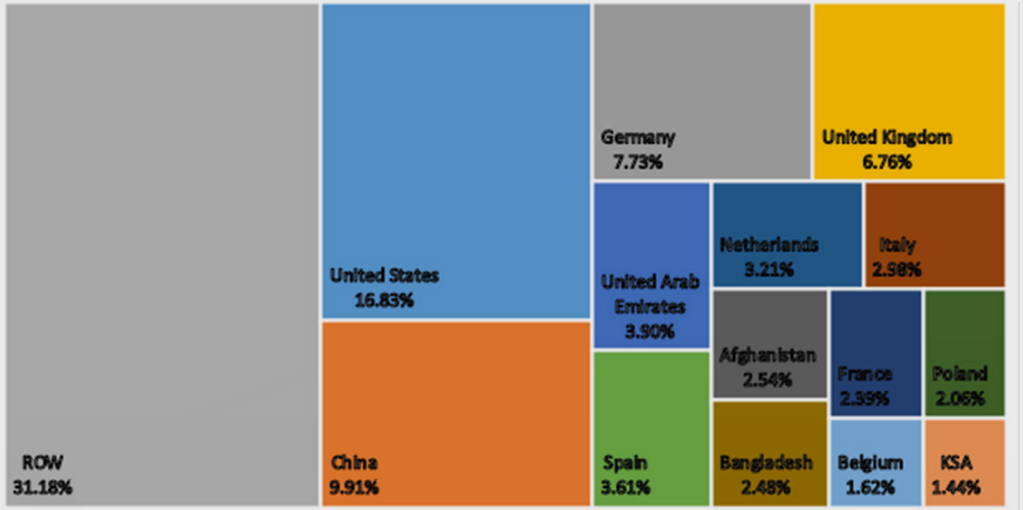
through the exchange of academic, cultural, and regional knowledge. It will eventually lead to higher volumes of flow of trade and business, and enhancement of cooperation by win-win model resulting in well connected, integrated region of shared development. The CPEC is a significant part of the journey towards economic regionalisation in a globalised world. Pakistan has been actively striving to establish a diplomatic front to attract more countries to join the corridor. The CARs have always been on Pakistan's radar, and in the last few years, Pakistan's interest in coordinating with CARs has risen significantly. The CARs have considerable untapped potential because of their landlocked positioning. Their access to the sea is limited, compelling them to use ports situated in, and managed by other countries. Doing so adds to the cost of their products and harms the country in competitive markets. In its search for perfect partners, the government of Pakistan has shown increased interest in collaborating with the Republic of Uzbekistan.

10.2.2 Pakistan's Trade

Over the years, Pakistan has reached a number of bilateral and mulilateral trade agreements that have proven to be beneficial to the country's trade and economy (See Table 10.1). Pakistan's exports were worth USD 32.7 billion in 2021, ranking it at 66th position among global exporters. Between 2016 and 2021, Pakistan's exports increased by USD 7.11 billion from USD 25.6 billion to USD 32.7 billion.

In declining order, the topmost export categories in 2021 were: House Linen (USD 4.63 billion), Rice (USD 2.26 billion), Non-Knit Men's Suits (USD 2.03 billion), Knit Sweaters (USD 1.5 billion), and Non-Knit Women's Suits (USD 1.37 billion). The most common destination for Pakistan's exports in 2021 were the United States (USD 5.51 billion), China (USD 3.25 billion), Germany (USD 2.53 billion), United Kingdom (USD 2.21 billion), and United Arab Emirates (1.28 billion). Please see Figure 10.2 below.

Figure 10.2: Pakistan's Export Partners 2021 (%)

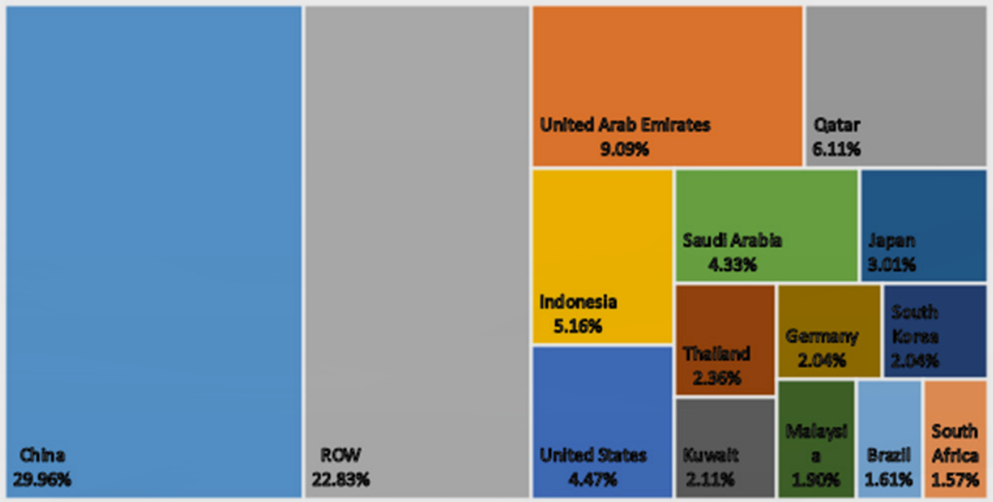


Source: (OEC, 2021)

Pakistan imported goods and services worth USD 78.5 billion in 2021, ranking it as 47th among the world's import destinations. Pakistan's imports were enhanced by USD 26 billion from USD 52.5 billion in 2016 to USD 78.5 billion in 2021.

In 2021, Pakistan's imports were led by Refined Petroleum (USD 6.58 billion), Petroleum Gas (USD 6.41 billion), Crude Petroleum (USD 3.53 billion), Palm Oil (USD 3.36 billion), and Vaccines, blood, antisera, toxins and cultures (USD 3.06 billion). The most common import partners for Pakistan in the year 2021 were China (USD 23.5 billion), United Arab Emirates (USD 7.13 billion), Qatar (USD 4.8 billion), Indonesia (USD 4.05 billion), and the United States (USD 3.51 billion). Please refer to Figure 10.3.

Figure 10.3: Pakistan's Import Partners 2021 (%)



Source: (OEC, 2021)

Table 10.1: Trade Agreements of Pakistan

Title	Year Signed
Pak-Sri Lanka Free Trade Agreement	2002
Trade & Investment Framework Agreement (TIFA)between Pakistan and USA	2003
Pak-Iran Preferential Trade Agreement	2004
Agreement on South Asian Free Trade Area	2004
Pak-China Free Trade Agreement in Goods and Investment	2006
Pakistan Malaysia Free Trade Agreement (FTA)	2007
Pak-Mauritius Preferential Trade Agreement	2007
Pak-Afghanistan Transit Trade Agreement	2010
Pak-Indonesia Preferential Trade Agreement	2012
Pakistan-Tajikistan Transit Trade Agreement	2022
Pakistan-Türkiye Trade in Goods Agreement	2023
Pakistan-Uzbekistan Preferential Trade Agreement (PTA)	2023

Source: (MOC, 2023)

10.3 REPUBLIC OF UZBEKISTAN

Uzbekistan is one of the only two double landlocked countries in the world. The only other country is Liechtenstein in Western Europe. A country is considered double landlocked when all its neighbouring countries are also landlocked. In case of Uzbekistan, it is surrounded by Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan.

Being surrounded by landlocked countries means that any transit shipment must cross at least two countries to reach its destination. Together with its four other 'stan' neighbouring countries, Uzbekistan is referred as the 'Central Asian Region', which is of high geostrategic importance in terms of trade, politics and abundant natural resources. Uzbekistan needs sustainable green trade partnerships that will help reduce its carbon emissions during production and trade transit. The country is vulnerable to climate change and faces threats of drought, high temperatures, heat waves, heavy precipitation, mudflows, floods, and avalanches. Uzbekistan is vulnerable to water shortages that are worsened by climate change, as 80% of its water comes from sources outside the country. It also faces threats of land degradation, soil salinization, reduced water quality, wind and water erosion, and decreased productivity of arable land (UNDP, 2023). For initiating private infrastructure investments in Uzbekistan, legal, regulatory, and institutional assessments of the climate are often recommended (WorldBank, 2020).

The only port available to the Republic of Uzbekistan is the river port of Port Termiz (Amu Darya). The Termiz River port is located on the right bank of the Amu Darya River on the border between Uzbekistan and Afghanistan. The port has a developed network of 4 km long railway sidings, which allows the simultaneous supply of 100 railway cars/ platforms. It is a customs control zone that can simultaneously store up to 30,000 tons of cargo and 3,000 large-capacity containers (TDP, 2023).

To gain access to Central Asian (CA) markets, countries are signing various transit, bilateral, and multilateral agreements, where CA countries benefit from access to seaports, and the other partner countries benefit from cheaper imports. Following this practice, Uzbekistan is also making efforts to enter into transit agreements with countries with cheaper and more accessible routes to ports. In the absence of sustainable trade agreements, CAR countries, including Uzbekistan, will be forced to use longer routes for trade transit that will increase carbon emissions and adversely affect the region.

10.3.1 Uzbekistan: Pre and Post 2016

Islam Karimov remained President of Uzbekistan from its independence until his death in 2016. During his rule, Uzbekistan became an economically and politically isolated country with minimal foreign trade and low foreign direct investments. The violent suppression of protests in 2005 damaged the country's international image in terms of human rights protection. Since independence, the country has had tense relations with its small neighbours, Tajikistan and Kyrgyzstan (Schiek, 2018).

After Karimov's death in 2016, Uzbekistan was compelled to hold elections. Shavkat Mirziyoyev won the elections with an overwhelming majority of votes (89%). He then became the president of the country. Mirziyoyev's policies have been more inclusive than those of Karimov. Mirziyoyev decided that Uzbekistan should seek a place in the international community in accordance with universal principles, norms and laws. He vowed that Uzbekistan would be a reliable partner and good neighbour, and pledged to change the closed image of the country. He declared that the 'New Uzbekistan' was committed to reforming the image of the country; wherein close attention would be paid to the country's growth potential, and to remedy its past failures and mistakes (Imamova, 2018).

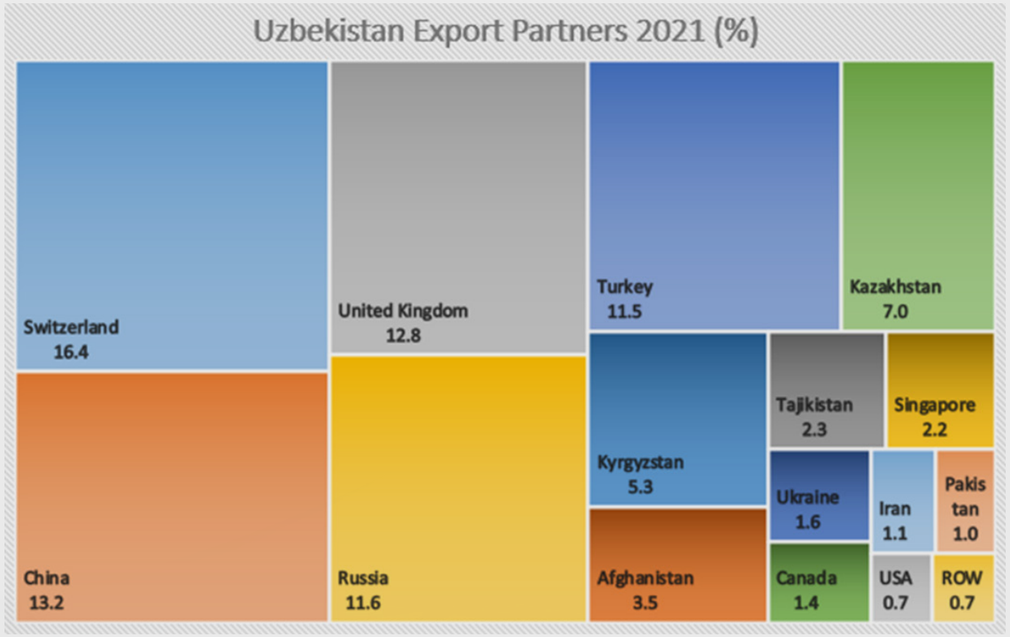
Mirziyoyev served as Prime Minister of Uzbekistan from 2003 until his election as president in 2016; thus, he was aware of the challenges confronting the country and the potential solutions to those problems. Under his rule, Uzbekistan adopted a reform manifesto called the National Development Strategy 2017–2021 that identified five areas that needed to be prioritised for sustainable economic and social development. The five priority areas were public administration, the judiciary, the rule of law, economic development and liberalisation, the social area, and security and foreign policy (Tsereteli, 2018).

The implementation of this strategy has been a fruitful for the country, as it has resulted in improvements in different spheres, including justice, law, economy, and religious harmony. It has also proved to be beneficial in the development of foreign relations between the country and its neighbours. Uzbekistan moved to delimit its borders with its neighbours, and by 2021, 95.5% of the total border, more than 99% of the Uzbek-Tajik border, and more than 80% of the Uzbek-Kyrgyz state border had been delimited. Uzbekistan also witnessed radically increased trade volumes with its neighbours. Furthermore, relations with partner countries such as Russia, China, the United States, Turkey, Europe, the Middle East, Southeast Asia, and other regions have significantly strengthened in almost all fields (Tulyakov, 2022).

10.3.2 Uzbekistan's Trade

Uzbekistan exported USD 14.7 billion in 2021, ranking it as 81st among global exporters. Uzbekistan's exports increased by USD 7.31 billion from USD 7.37 billion in 2016 to USD 14.7 billion in 2021. The main export categories of Uzbekistan in 2021 were: Gold (USD 4.53 billion), Non-Retail Pure Cotton Yarn (USD 1.61 billion), Refined Copper (USD 741 million), Petroleum Gas (USD 722 million), and Radioactive Chemicals (USD 407 million). The most common destinations for Uzbekistan's exports are Switzerland (USD 2.4 billion), China (USD 1.94 billion), United Kingdom (USD 1.88 billion), Russia (USD 1.71 billion), and Turkey (USD 1.68 billion), as shown in Figure 10.4.

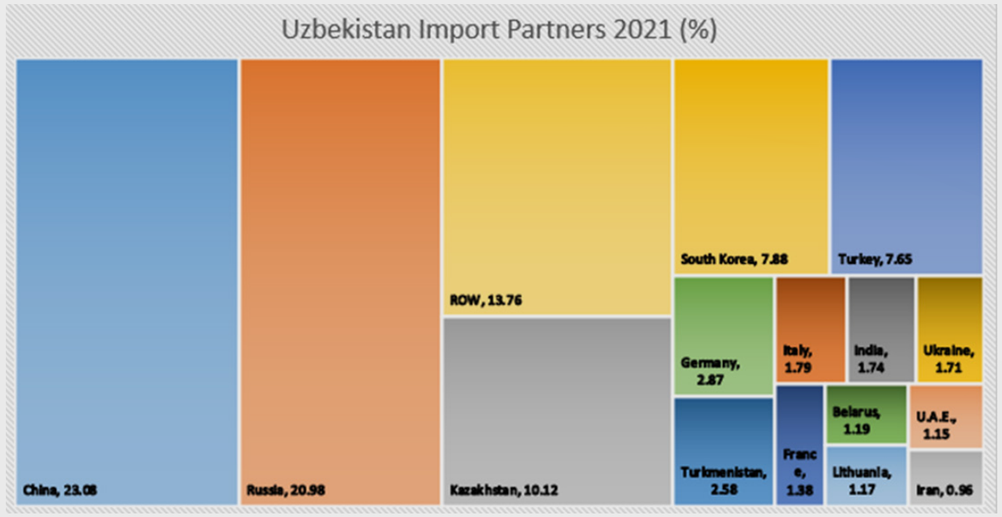
Figure 10.4: Uzbekistan's Export Partners 2021 (%)



Source: (OEC, 2021)

Uzbekistan's imports amounted to USD 24.4 billion in the year 2021, ranking it as 78th among the trade destinations in the world. During the last five reported years, imports by Uzbekistan increased by USD 14.8 billion from USD 9.6 billion in 2016 to USD 24.4 billion in 2021. The most recent imports of Uzbekistan are, Packaged Medicaments that amounted to USD 1.04 billion, Motor vehicles, parts and accessories (HS Code 8701 to 8705) amounting to USD 1.01 billion and Cars amounting to USD 656 million. The most common import partners for Uzbekistan in 2021 were China (USD 5.63 billion), Russia (USD 5.12 billion), Kazakhstan (USD 2.47 billion), South Korea (USD 1.92 billion), and Turkey (USD 1.87 billion), as shown in Figure 10.5.

Figure 10.5: Uzbekistan's Import Partners 2021 (%)



Source: (OEC, 2021)

Uzbekistan has twelve trade agreements in force, as Table 10.2 shows. Of the economy's total exports for the year, 50% were directed towards its trade agreement partners, whereas 49.9% of its total imports came from its trade agreement partners in 2021.

Table 10.1: Trade Agreements of Pakistan

Title	Year Signed
Russian Federation-Uzbekistan	1993
Uzbekistan-Republic of Moldova	1995
Azerbaijan-Uzbekistan	1996
Tajikistan-Uzbekistan	1996
Ukraine-Uzbekistan	1996
Kazakhstan-Uzbekistan	1997
Kyrgyzstan-Uzbekistan	1998
Economic Cooperation Organisation Trade Agreement (ECOTA)	2008 2010
Georgia-Uzbekistan	NA
Uzbekistan-Belarus	2022
Uzbekistan-European Union (EU)	2023
Uzbekistan-Pakistan	

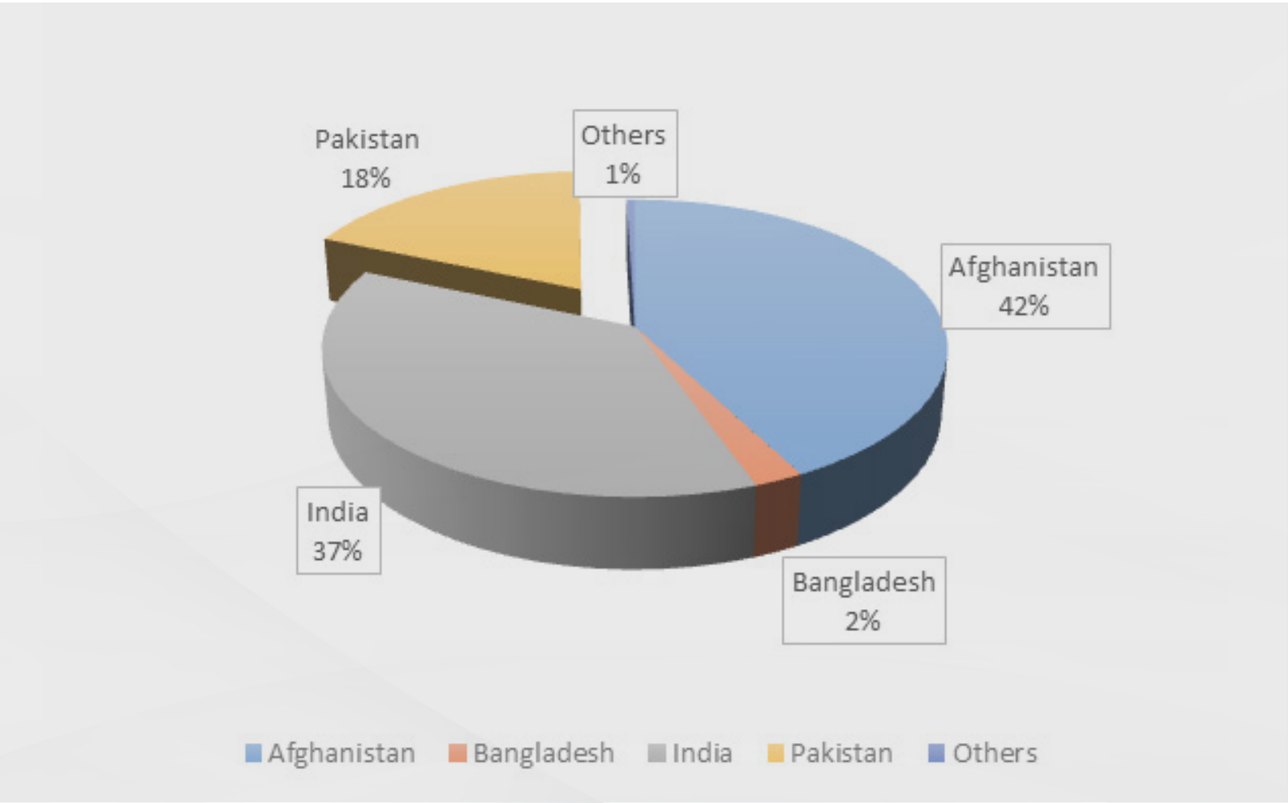
Source: (Dawn, 2023), (UNESCAP, 2018), (Europa, 2023)

10.3.3 Uzbekistan's Trade with South Asia

The geographical location of Uzbekistan allows it to reach South Asia through Afghanistan. The country primarily uses its river ports to do so. In 2020, the total trade turnover of the CA states with the countries of South Asia amounted to USD4.4 billion, or 3.2% of their total foreign trade turnover (USD142.6 billion). Kazakhstan accounts for the largest share (52.8%), followed by Uzbekistan (31.2%) and Turkmenistan (10.4%). Afghanistan, India, and Pakistan are the CA countries' main trading partners. Simultaneously, the CA countries conduct the most active trade and economic cooperation with Afghanistan because of their geographic proximity and the high dependence of Afghanistan's domestic market on the import of food, industrial goods, and energy. [1]Please see Figure 10.6 below.

The total volume of Uzbekistan's foreign trade with South Asian countries in 2021 amounted to USD 1.22 billion. Afghanistan was its biggest partner, contributing to nearly half of total exports in the region, followed by India and Pakistan at second and third place, respectively.

Figure 10.6: Uzbekistan’s Trade with South Asia 2021 (%)



Source: Nations Online Project

Uzbekistan's recent inclusive and sustainable approach to trade routes has marked a significant shift in regional engagement. The country received its first transit shipment via Pakistan and Afghanistan, reflecting a southward-looking policy to establish viable alternative trading partners and assert its identity in the region. The route involved a private trader exporting Indian sugar, with the cargo first arriving at Karachi port in Pakistan before being trucked across Pakistan and Afghanistan and finally reaching Uzbekistan. This move could reduce Uzbekistan’s reliance on Iran and Russia for trade routes, thereby enabling a more independent trade policy. Uzbekistan should attract transit flows while simultaneously increasing its centrality and necessity within the entire transport network. A World Bank BRI (Belt Road Initiative) study estimates that the BRI will reduce trade costs in Uzbekistan by approximately 3% (Yusufkhonov et al, 2022).

To enhance trade, Uzbekistan focused on accessing Pakistani seaports. A Preferential Trade Agreement (PTA) between Pakistan and Uzbekistan aims to lower duties and minimise non-tariff barriers for 34 items. Additionally, the Pakistan-Uzbekistan Transit Trade Agreement allows Uzbekistan’s trucks to carry goods directly to Pakistani seaports. The key to this trade transformation is cooperation with Afghanistan, with ongoing projects such as the Trans-Afghan Railway linking Uzbekistan to Pakistani seaports.

However, challenges remain due to security concerns and the internal discord among Taliban factions in Afghanistan. Uzbekistan is seeking alternatives to Russian trade routes that have been impacted by sanctions on Russia. By diversifying its trade options and exploring non-traditional markets, especially in Pakistan and Afghanistan, Uzbekistan aims to strengthen its regional position and reduce its historical dependency.

[1] Centre for Economic Research and Reforms (Tashkent, Uzbekistan)

10.4 CENTRAL ASIAN REPUBLICS AND TRANSPORT

The CA region, consisting of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, is flanked by the Russian Federation in the north, China and Mongolia in the east, and the Islamic Republic of Iran and Pakistan in the south. The entire region is landlocked, making all the CARs dependent on land and air transport.

Prior to their independence, the CARs played a major role in providing raw materials (primarily cotton), minerals, and energy products to the USSR. The CARs struggled for a brief period after their independence. Their exports concentrated on a handful of primary products with differing transport requirements. Uzbekistan experienced a relatively good economic performance between 1992 and 1996 because its principal exports were cotton and gold that carried high value/weight ratios and could be shipped by air. The same cannot be said for Kazakhstan. Although coal, minerals, and grain could be exported reasonably easily, oil and gas exports were more problematic, as all the pipelines ran through Russia, leaving Kazakhstan and Turkmenistan vulnerable to high transit fees charged by the Russian pipeline monopoly (Pomfret, 2010). The current approach advocated by the Central Asian Regional Economic Cooperation (CAREC) institute and others is to promote transport corridors with the idea of improving both hard and soft infrastructure along them. This allows for a steadier approach, and the number of corridors provides flexibility. Presently, the CAREC has six economic corridors that connect landlocked CAREC member countries to their global markets, thus making trade easier.

10.4.1 Trade Facilitation Initiatives

Pakistan and Uzbekistan have taken numerous initiatives to facilitate trade. Examples of such initiatives are as follows.

Trade Facilitation and Expo Centre Division (Pakistan)

The responsibilities of the Trade Facilitation and Expo Centre Division include developing general policy proposals for consideration by the federal government, and supporting the Ministry of Commerce in the preparation of trade policy in consultation with sectoral divisions. It helps implement trade policy/federal government initiatives of a general nature, issuance of Certificates of Origin and all Generalised Scheme of Preferences (GSP) matters, matters related to public relations, including media coverage, newspaper advertisements, printing of all promotional materials, and web portal management, among many other vital aspects of trade enhancement (TDAP, 2023).

Pakistan Single Window (Pakistan)

The Pakistan Single Window (PSW) is a digital platform that enables the parties involved in trade to lodge standardised information and documents at a single entry point to fulfil all import, export, and transit-related regulatory requirements. It aims to reduce the time and cost of doing business by digitalising Pakistan's cross-border trade and eliminating paper-based manual processes. The PSW allows the electronic submission of information for the clearance of import, export, and transit-related goods, thus eliminating the need for multiple submissions of the same data to different agencies.

Electronic SPS Certificate / E-phyto

Many countries around the globe have implemented electronic Sanitary and

Phytosanitary (SPS) certifications under different names. Uzbekistan implemented Ephyto.uz in 2020. The E-phyto system inspects and issues internal phytosanitary movement documents and certificates, and quarantine import permits. The E-phyto solution allows Uzbekistan to receive advance information about the consignments intended for import that facilitates effective border inspection (FAO, 2022). In Pakistan, the National Plant Protection Organisation issues phytosanitary certificates to traders. In November 2023, under the PSW initiative, the Government of Pakistan integrated National Plant Protection with the International Plant Protection Convention's E-Phyto hub (Abbas, 2023). This integration will not only result in increased trade efficiency, but will also demonstrate a commitment to global standards.

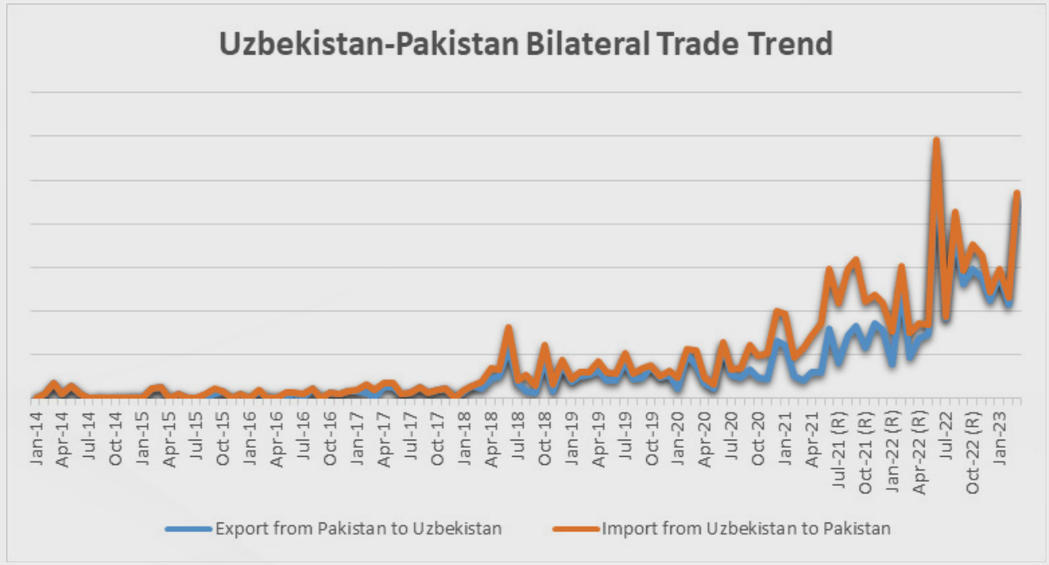
Uzbekistan Trade Info (Uzbekistan)

Uzbekistan Trade Info is a step-by-step trade information platform that allows businesses to save time and reduce the costs incurred in international trade. The platform was jointly developed by the Ministry of Investments and Foreign Trade and the State Customs Committee of Uzbekistan under the International Trade Centre's EU-funded Ready4Trade Central Asia project. This portal ensures the transparency of cross-border trade formalities (ITC, 2022).

10.5 PAKISTAN AND UZBEKISTAN BILATERAL TRADE

The relationship between Pakistan and Uzbekistan was established as soon as the country became independent after the dissolution of the USSR. Pakistan and Uzbekistan have a good relationship and have signed several bilateral trade agreements to improve their economies. The two countries have signed dozens of bilateral agreements and MOUs since the beginning of their relationship. The signed instruments cover economic trade, healthcare, agriculture, education, military, science, technology, tourism, banking, telecommunications, and transit. In 2015, Pakistan and Uzbekistan signed three documents to enhance bilateral cooperation in the fields of trade, economy, and foreign relations. Pakistan and Uzbekistan have signed several protocols to prevent double taxation and strengthen cooperation between the foreign ministries of the two countries. Bilateral trade between Pakistan and Uzbekistan has shown an upward trend in the past few years. Recent trade agreements between the two countries have benefitted bilateral trade, as shown in Figure 10.7.

Figure 10.7: Uzbekistan-Pakistan Bilateral Trade Trend



Source: State Bank of Pakistan

Pakistan and Uzbekistan have signed over 75 MoUs including commerce, medical science, avoidance of double taxation, science and technology, agriculture, and banking. Pakistan offers critical overland routes and connectivity for mutually beneficial intra- and inter-regional trade and energy transactions (Anwar, 2011).

10.5.1 Pakistan-Uzbekistan Preferential Trade Agreement

Pakistan gradually liberalised tariffs, albeit with occasional increases in tariff protection (GoP, 2019). To enhance bilateral trade activities, Pakistan and Uzbekistan signed a preferential trade agreement (PTA) in 2022 to lower duties on nearly three dozen products in the range of 20% to 100%, aimed at boosting trade value, which remains very low despite its vast potential (Tribune, 2022).

The PTA was signed during a visit of Uzbekistan's President Shavkat Mirziyoyev to Pakistan. The visit was the result of Prime Minister Imran Khan's trip to Uzbekistan in July 2021, when both countries signed a transit trade agreement. The PTA covering 34 goods boosts bilateral trade, which, according to the State Bank of Pakistan, have lagged in the past decade. Pakistan exported goods worth USD 22 million against USD 40 million worth of imports during the fiscal year 2021–22.

This agreement will remain in force for a period of five years, and any country can give notice of the termination of this agreement no less than one year before its expiration. The agreement can be extended further.

Appendix B provides a detailed list of products covered by the PTA signed by the two countries.

10.5.2 Joint Protocol for Rail Networks Between Uzbekistan and Pakistan

In a remarkable stride towards inclusive and sustainable growth, Pakistan, Uzbekistan, and Afghanistan signed a joint protocol on the 18th of July 2023. The focus of this protocol is to create an interconnected rail network that seamlessly links Uzbekistan's rail infrastructure with Pakistan's railways.

The envisioned railway route will traverse Termiz in Uzbekistan, Mazar-i-Sharif and Logar in Afghanistan, and culminate in Pakistan, crossing the Kharlachi border in Kurram. This transformative railway line is poised to cater to both passenger and freight services and is a potentially powerful catalyst for regional trade and economic prosperity (RadioPakistan, 2023).

This collaboration exemplifies the commitment to inclusivity and sustainability, as it aims to unlock the untapped potential of the region and foster equitable growth opportunities for all. As representatives of the respective countries gathered in Islamabad to sign this protocol, it marked a symbolic step towards a prosperous and interconnected future. By leveraging shared resources and synergies, this railway initiative promises to contribute significantly to the social, economic, and environmental wellbeing of the region, laying the foundation for a brighter and more sustainable future.

10.5.3 Potential Challenges to the Agreements between Pakistan and Uzbekistan

Pakistan and Uzbekistan have engaged in different mutual agreements, and it is but expected that several operational challenges will emerge as these agreements mature. Some examples of the issues faced by similar agreements made by Pakistan in the past are provided below. Learning from these obstacles will prove helpful for both sides.

·Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline

The example of the TAPI pipeline is relevant as it involves Pakistan's recent association with another CAR, and the dynamics of engaging in the territory of Afghanistan. Construction of the TAPI pipeline began in 2015, and in early 2018, the construction of a 700 km long stretch was inaugurated in Herat, Afghanistan's north-western province.

The planned pipeline starts from the giant Galkynysh gas field located in Turkmenistan's eastern Mary Province, goes through five southern Afghan provinces, and then passes Quetta and Multan in Pakistan before reaching the state of Punjab in northern India. Partially funded by the Asian Development Bank, the USD10 billion pipeline runs 1,600 km and when completed, will transport 33 billion cubic meters of natural gas annually from the Galkynysh field in Turkmenistan to Afghanistan, India, and Pakistan for the next three decades (Zhunisbek, 2020). The TAPI pipeline was first proposed in the early 1990s and enjoyed the support of the United States as an alternative route to easing access to CA energy sources by global markets, thus alleviating the region's heavy dependence on Russian transportation infrastructure (Foster, 2010). However, the takeover of power by the Taliban in 1996 made crossing Afghanistan problematic, and significantly delayed the actual implementation of the project. The TAPI pipeline project made a decisive return when Turkmenistan started the construction of its 214 km segment of the pipeline in December 2015. However, certain hurdles like those related to financing and the provision of security along the proposed route must be addressed before the first gas from Turkmenistan can reach India (Zhunisbek, 2020).

Overall, scepticism related to financial and security concerns over the TAPI project remains, even though its relevance and prospective benefits for the parties involved are well established.

·Iran-Pakistan Gas Pipeline

The Iran-Pakistan Gas Pipeline Project has been under discussion between Iran and Pakistan since 1994. The two countries signed a preliminary agreement in 1995. Later, Iran suggested extending the pipeline from Pakistan into India, and the project was extended to India in February 1999. Pakistan, India, and Iran held several meetings and agreed on prices and other related issues. Pakistan and Iran signed a final agreement

on the Iran-Pakistan Gas Pipeline at a meeting in Ankara on 16 March 2010. This pipeline has the potential to ease Pakistan's energy shortages and substitute expensive furnace oil used for power generation. A daily gas flow of 21.5 million cubic meters will have a variety of positive effects on Pakistan's economy (Munir et al., 2014). Work on establishing the Pakistani section of the project was officially launched by the Presidents of both Pakistan and Iran on 11 March 2013.

This project, which is linked to Iran, has several potential challenges. The foremost issue faced by the project is the hindrance caused by the United States and EU's sanctions on Iran. In addition to the United States and EU, the United Nations has also imposed sanctions on Iran that discourage potential trade partners from forming ties with the country. Second, Pakistan's physical engagement with Iran brings the security situation in Balochistan into the equation, which does not have a constantly positive status. Finally, Pakistan's engagement in any project with Iran may jeopardise its relations with Arab countries. Pakistan's diplomatic relations with the rest of the world have been tenuous since 2021, and any tension may cause significant damage to its economy.

Pakistan's trade agreements with Uzbekistan are bound to involve Iran and/or Afghanistan. Owing to the involvement of Gwadar Port in many agreements, Balochistan's security status will definitely be included in the equation. Due to economic deterioration, Pakistan may also have to deal with financial issues. Pakistan must adapt and learn from the challenges faced in recent arrangements with CARs to avoid repeating them with Uzbekistan in the future.

10.5.4 Pakistan-Uzbekistan Bilateral Trade Potential

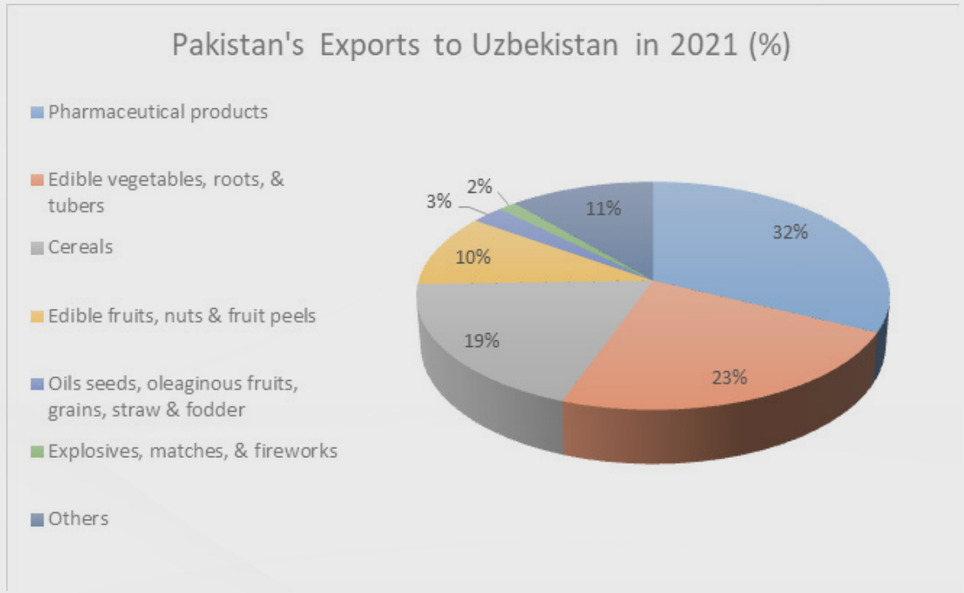
Data on the current standing of the trade of both countries in the region indicate that sectors can be targeted for the enhancement of bilateral trade. In 2021, 99% of

Afghanistan's trade constituted imports from Uzbekistan; which primarily comprised milling industry products (55% of exports), mineral fuel products (24.3%), and edible vegetables (4.82%).

India ranks second in terms of trade between Uzbekistan and the South Asian countries. Uzbekistan's exports to India consisted primarily of vegetable extracts (22.3%), medical and optical equipment (13%), and zinc articles (12.1%). Uzbekistan's imports from India comprised pharmaceutical products at 62.5%, and mechanical equipment in the second position at 9.28%.

In South Asia, Pakistan ranks third in terms of trade volume with Uzbekistan. In the structure of Uzbekistan's exports to Pakistan, edible vegetables and roots accounted for 51.8%, cotton 39.5%, and zinc articles 4.4%. Imports from Pakistan include 32.2% pharmaceutical products; 23.3% edible vegetables, roots, and fodder; 19% cereals; and 10.3% edible fruits and nuts. Please see Figure 10.8.

Figure 10.8: Pakistan's Exports to Uzbekistan 2021 (%)



Source: OEC

Uzbekistan in particular and Central Asia in general are favourable markets for Pakistani products (PBC, 2021). The five-year trend below shows Pakistan's positive trade balance with Uzbekistan and CA countries. The trends also show increasing growth of Pakistan's exports to Uzbekistan, whereas imports are growing at a lower rate.

Another potential advantage of the enhanced bilateral trade agreements between Pakistan and Uzbekistan is the decrease in road freight and increase in rail freight for the trade commodities to and from Uzbekistan. Trade transit via roads is known to emit six times more carbon than rail transit (Susmatize, 2022).

With such a favourable market, it is important to study the dynamics for further market expansion. Pakistan's current market share in Uzbekistan's trade is insignificant, as shown in Table 10.3 below.

Table 10.3: Pakistan's share in Uzbekistan's Global Trade

Year	Pakistan's share in Uzbekistan's Imports from World	Pakistan's share in Uzbekistan's Exports to World
2017	0.18%	0.087%
2018	0.35%	0.28%
2019	0.15%	0.67%
2020	0.17%	0.74%
2021	0.29%	1.02%

Source: OEC

·Export Potential for Pakistan

A brief comparative review of Pakistan's top-25 export commodities (HS Code level 4) (Table 10.4) and Uzbekistan's top-25 import commodities shows that several commodities have remained consistent during the past few years. In 2021, Uzbekistan imported USD 1.04 billion worth of Packaged Medicaments, and Pakistan's share was only 0.018%. The detailed tables are available in Appendix A.

An analysis of export commodities (HS Code level 4) from Pakistan to Uzbekistan in 2021 shows that Pakistan has a major market share in the Matches, Jute Woven Fabric, and Rice categories at 99.7%, 99.94%, and 66.6%, respectively. Commodities such as unpacked medicines, tropical fruits, other oily seeds, and potatoes accounted for 50.13%, 40.27%, 36.36%, and 26.82%, respectively. However, the market share of Pakistan's other specialised commodities is insignificant, like Sports equipment at 1.94%, medical instruments at 0.21%, other edible preparations at 1.14%; with a ready market and Pakistan's production capability, exports from these sectors can be expanded significantly. Such export expansion has the potential to generate approximately USD 0.179 billion.

Table 10.4: Export Trade Potential for Pakistan

HS4 ID	HS4	Uzbekistan's imports from Pakistan (USD thousands) (a)	Uzbekistan's imports from Pakistan (USD thousands) (a)	Pakistan's Share in Uzbekistan's Total Imports (%)	Export Trade Potential for Pakistan (USD thousands) (b-a)
63004	Packaged Medicaments	18721	1037673	1.80	1018952
20701	Potatoes	16432	61266	26.82	44834
21006	Rice	13457	20203	66.60	6746
63003	Unpackaged Medicaments	4148	8273	50.13	4125
20804	Tropical Fruits	3755	9324	40.27	5569
20805	Citrus	2963	16872	17.56	13909
21207	Other Oily Seeds	1761	4843	36.36	3082
63605	Matches	1014	1017	99.70	3
115310	Jute Woven Fabric	905	924	97.94	19
42106	Other Edible Preparations	891	77856	1.14	76965
63802	Activated Carbon	525	10660	4.92	10135
158212	Razor Blades	478	9111	5.24	8633
116301	Blankets	447	1513	29.54	1066
20803	Bananas	404	10961	3.68	10557
209506	Sports Equipment	386	19798	1.94	19412
116302	House Linens	380	3906	9.72	3526
62815	Sodium or Potassium Peroxides	335	11843	2.82	11508
168445	Textile Fibre Machinery	333	170751	0.19	170418
42009	Fruit Juice	317	6820	4.64	6503
62847	Hydrogen peroxide	284	5387	5.27	5103
189018	Medical Instruments	215	100462	0.21	100247
116203	Non-Knit Men's Suits	203	12756	1.59	12553
168414	Air Pumps	201	202668	0.09	202467
20810	Other Fruits	159	2315	6.8	2156
168448	Knitting Machine Accessories	126	51646	0.24	51520

Source: OEC

Several feasibility studies are being conducted to expand Pakistan's exports to Uzbekistan; however, to make most of the Pakistan-Uzbekistan deal, it is important to study both its export and import potential. With the depreciating currency of Uzbekistan, imports from Uzbekistan will be cheaper than those from other countries.

·Export Potential for Uzbekistan

A cursory review of Uzbekistan's top-25 exports from Pakistan in 2021 (HS Code level 4) shows that Uzbekistan exports a major volume (by share) of groundnuts to Pakistan at 22.66% of total exports to Pakistan, followed by buckwheat at 23.78%, and sulphur at 22.69%. The other major imported commodities were non-retail cotton yarn (17.37%), raw zinc (8.54%), and dried legumes (8.31%). If Uzbekistan targets the top-25 commodities imported by Pakistan from Uzbekistan (in the commodities presented in Table 10.5 below), there is the potential to increase exports to Pakistan by USD 5.3 billion.

Table 10.5: Export Trade Potential for Uzbekistan

HS4 ID	HS4	Uzbekistan's imports from Pakistan (USD thousands) (a)	Uzbekistan's imports from Pakistan (USD thousands) (a)	Uzbekistan's Share in Pakistan's Total Imports (%)	Export Trade Potential for Uzbekistan (thousand USD) (b-a)
20713	Dried Legumes	77537	932847	8.311	855310
115205	Non-Retail Pure Cotton Yarn	59080	340036	17.374	280956
157901	Raw Zinc	6664	77967	8.547	71303
52503	Sulphur	1729	7616	22.698	5887
21202	Ground Nuts	1210	4540	26.661	3330
21008	Buckwheat	774	3255	23.788	2481
63105	Mixed Mineral or Chemical Fertilizers	738	715412	0.103	714674
20806	Grapes	506	71953	0.703	71447
168446	Looms	463	299821	0.154	299358
73901	Ethylene Polymers	298	805248	0.037	804950
21207	Other Oily Seeds	201	69510	2.893	6750
115202	Cotton Waste	154	7437	2.077	7283
20904	Pepper	123	68741	0.179	68618
157308	Iron Structures	101	275149	0.036	275048
115004	Non-Retail Silk Yarn	66	4026	1.640	3960
20703	Onions	54	74468	0.071	74414
116305	Packing Bags	34	8043	0.428	8009
20702	Tomatoes	27	56557	0.047	56530
52701	Coal Briquettes	21	1648119	0.001	1648097
10106	Other Animals	20	1611	1.249	1591
84105	Tanned Sheep Hides	17	9617	0.177	9600
10504	Animal Organs	16	2731	0.576	2715
168433	Harvesting Machinery	13	25759	0.050	25747
21302	Vegetable Saps	11	28438	0.039	28427
168442	Print Production Machinery	10	10912	0.096	10901

10.5.5 Transit Trade Potential

·Potential-1

In 2021, Uzbekistan's global trade was worth USD 39.1 billion (USD 24.4 billion in imports and USD 14.7 in exports), of which trade worth USD 25.201 billion was conducted with neighbouring, proximate countries, and India. In a hypothetical situation, assuming that the remaining trade goods are routed through Pakistan, Pakistan can expect to potentially handle goods worth USD 13.899 billion in cargo transhipments to and from Uzbekistan. (See Table 10.6)

A similar transit potential through Pakistan can also be calculated for other CA countries to obtain the cumulative transit potential that would be helpful in determining the feasibility of such transit routes through Pakistan.

Table 10.6: Transit Trade Potential for Pakistan

Country	Imports	Exports	Country	Imports	Exports
China	5.63	1.94	Iran, Islamic Republic of	0.234	0.168
			Tajikistan	0.130	0.343
Russian Federation	5.12	1.71	Kyrgyzstan	0.184	0.773
Kazakhstan	2.47	1.03	Georgia	0.090	0.028
Turkey	1.87	1.68	Azerbaijan	0.035	0.074
Turkmenistan	0.63	0.095	Afghanistan	0.005	0.511
India	0.424	0.027			
Subtotal (a)	16.822	8.379			
World (b)	24.4	14.7			
Transit Trade Potential (b-a)	7.578	6.321			

Import and Export values in billion USD for year 202121 (Source: OEC)

·Potential-2

As previously discussed, Uzbekistan is a landlocked country, and to reach Uzbekistan, one must cross another country. Pakistan's northern border is close to Tajikistan and Kyrgyzstan. Pakistan's trade relationship with the CA region is skewed in its favour, where exports are expanding and imports are lagging. Since 2018, Pakistan's imports from Uzbekistan have risen steeply by 402%, whereas exports have grown at a sluggish rate of only 8.45% over the course of five years. Pakistan's imports from Kazakhstan grew at a rate of 303%, while its exports grew at 220%.

The country-wise trade breakup in Table 10.7 highlights nascent trade between Pakistan and Tajikistan, Turkmenistan, and Kyrgyzstan. With the establishment of trade routes, China and Pakistan can have direct market access to other CA countries enroute to Uzbekistan, which can facilitate efficient trade ventures. This access will shorten trade routes, resulting in decreased carbon emissions, which will contribute to the effort against climate change.

Table 10.7: Pakistan's Trade with CAR (million USD)

	Exports	Imports
CAR	289	196
Kazakhstan	193	20
Kyrgyzstan	8	1
Tajikistan	14	15
Turkmenistan	3	10
Uzbekistan	71	150

Source: OEC

10.6 CONCLUSION

Pakistan and Uzbekistan have much to offer each other in terms of bilateral trade partnerships. The greatest assistance that Pakistan can provide to Uzbekistan is access to its seaports, which are presently not being utilised to their full potential. Both countries stand to gain by enhancing their levels of bilateral trade.

Since 2018, Pakistan's imports from Uzbekistan have risen meteorically by 402%, whereas exports have grown sluggishly at only 8.45% over the course of five years. Pakistan's imports from Kazakhstan grew at a rate of 303%, while its exports grew at 220%. In 2021, more than half of Uzbekistan's trade was conducted with countries in its close proximity.

This restriction of trade partners for Uzbekistan can primarily be attributed to the double-landlocked nature of the country; this can be resolved by accessing roads, rails, and ports in Pakistan. New routes through Pakistan will not only shorten trade routes but also minimise carbon emissions because of decreased cargo transit time.

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APPENDIX A

Uzbekistan Top Imports (USD)

HS2	HS4 ID	HS4	2017	2018	2019	2020	2021
Pharmaceutical products	63004	Packaged Medicaments	662998434	666799098	744658945	925306221	1037673337
Cars, tractors, trucks & parts thereof.	178708	Motor vehicles; parts and accessories (8701 to 8705)	644096581	939820006	986289902	931910056	1008653867
Cars, tractors, trucks & parts thereof.	178703	Cars	172513971	397897784	531905938	477467236	656421614
Mineral fuels, mineral oils and products of their distillation	52710	Refined Petroleum	540375757	498049432	551885801	571449569	607830349
Cereals	21001	Wheat	196441925	286589699	371516578	597867108	534974411
Iron & steel	157208	Hot-Rolled Iron	142001177	204434179	234332949	236000010	478389538
Pharmaceutical products	63002	Vaccines, blood, antisera, toxins and cultures	66391933	70474362	82212413	105020144	383763608
Electrical machinery and electronics	168525	Broadcasting Equipment	91934087	123529535	181577300	293424398	354403995
Cars, tractors, trucks & parts thereof.	178704	Delivery Trucks	197755581	370368131	249203560	335190882	321796456
Wood, wood articles, & charcoal	94407	Sawn Wood	230351429	290495839	266680444	268181907	321128456
Iron & steel	157210	Coated Flat-Rolled Iron	297868440	405228819	388089779	379505129	272314736
Animal or vegetable fats, oils, & waxes	31512	Seed Oils	107066043	123206997	165355198	227355065	254028141
Mineral fuels, mineral oils and products of their distillation	52709	Crude Petroleum	116171661	229081993	113630511	216282721	234157881
Iron & steel	157207	Semi-Finished Iron	136719037	216751020	199289719	152658449	234058036
Machinery, mechanical appliances, & parts	168479	Machinery Having Individual Functions	98755017	156228402	229263232	222416516	232527601
Machinery, mechanical appliances, & parts	168474	Stone Processing Machines	111806009	151351358	387911394	359469772	230855561
Rubber & articles thereof	74011	Rubber Tires	164554042	156994232	194289115	222613126	211187610
Machinery, mechanical appliances, & parts	168429	Large Construction Vehicles	167738259	291631591	376816624	265677828	210067924
Machinery, mechanical appliances, & parts	168414	Air Pumps	99531126	232736583	242930409	230818143	202668546

Cars, tractors, trucks & parts thereof.	178705	Special purpose motor vehicles	53263523	148806947	192912905	72418977	200109097
Ores, slag and ash	52603	Copper Ore	10169465	5908523	136138137	18621514	198379179
Machinery, mechanical appliances, & parts	168471	Computers	76607680	80926420	126193797	136769584	195484278
Iron or steel articles	157305	Other Large Iron Pipes	52817592	36022810	30699657	195937549	179489544
Machinery, mechanical appliances, & parts	168411	Gas Turbines	20323757	345827644	78407149	82395287	176520500
Machinery, mechanical appliances, & parts	168445	Textile Fibre Machinery	166539799	381634641	301277135	179023820	170750522

Pakistan Top Exports USD

HS2	HS4 ID	HS4	2017	2018	2019	2020	2021
Used clothes & textile articles	116302	House Linens	3710831037	3777745058	3824975571	3625958037	4634290952
Cereals	21006	Rice	1752712116	2087751676	2363517550	2162594645	2258956035
Non-knitted clothing accessories	116203	Non-Knit Men's Suits	1798905252	1763005670	1969924475	1800692422	2033001848
Knitted clothing accessories	116110	Knit Sweaters	704169566	880547280	919847096	940083184	1502369888
Non-knitted clothing accessories	116204	Non-Knit Women's Suits	1024094577	969066711	1100885763	1056607997	1368830938
Cotton	115205	Non-Retail Pure Cotton Yarn	1256173188	1270180675	1101046978	820599862	1180940431
Cotton	115209	Heavy Pure Woven Cotton	1023277655	1021837241	967022400	723323781	915331631
Cotton	115208	Light Pure Woven Cotton	687488478	753304276	734974033	745981210	775767973
Leather articles	84203	Leather Apparel	611738612	624893965	634875511	588269392	694931311
Copper articles	157403	Refined Copper	26005765	141761243	293393031	333541472	658637751

Knitted clothing accessories	116115	Knit Socks and Hosiery	397785448	447738522	427607319	427202697	592399659
Knitted clothing accessories	116109	Knit T-shirts	426309740	455578124	532028730	450530341	585865810
Knitted clothing accessories	116103	Knit Men's Suits	332937769	353780033	356520881	338486443	542284618
Knitted clothing accessories	116104	Knit Women's Suits	256238187	271822915	313551686	360212473	533280239
Optical, photo, & film equipment; medical instruments	189018	Medical Instruments	362947054	406682706	430637432	390948604	454607866
Mineral fuels, mineral oils and products of their distillation	52710	Refined Petroleum	424683319	537768149	327174666	180644678	449349780
Beverages, spirits, & vinegar	42207	Alcohol > 80% ABV	461195128	577617806	459548999	386135442	439665579
Used clothes & textile articles	116307	Other Cloth Articles	338730393	351871986	343064516	377790477	415155494
Salt, sulphur, cement, lime, stone, & plaster	52523	Cement	240271768	291496712	300734317	323553999	322553077
Pharmaceutical products	63004	Packaged Medicaments	199517670	207859996	254489705	260301179	321479252
Toys, games, & sports	209506	Sports Equipment	289612165	294502649	290465438	240099587	304321685
Meat & edible offal	10201	Bovine Meat	197823856	187166691	276867357	259968289	290077099
Knitted clothing accessories	116116	Knit Gloves	214817646	211426490	215202567	217236473	277902106
Used clothes & textile articles	116309	Used Clothing	57989616	82378091	94026502	193921746	266478127
Ships, boats, & floating structures	178901	Passenger and Cargo Ships	1930200	430642	46141680	2618397	248964871

Uzbekistan's Top Imports from Pakistan

HS2	HS4 ID	HS4	2017	2018	2019	2020	2021
Pharmaceutical products	63004	Packaged Medicaments	9802471	4673451	10029508	16050030	18721179
Edible vegetables, roots, & tubers	20701	Potatoes	7135667	5693852	2290684	243754	16432215
Cereals	21006	Rice	--	1296844	2399886	3248559	13457189
Pharmaceutical products	63003	Unpackaged Medicaments	--	1809997	2092833	1949398	4148222

Edible fruits, nuts & fruit peels	20804	Tropical Fruits	808486	784385	3731820	3090545	3755252
Edible fruits, nuts & fruit peels	20805	Citrus	2466529	1260647	2664865	2776082	2963167
Oils seeds, oleaginous fruits, grains, straw & fodder	21207	Other Oily Seeds	20805	--	--	--	1761435
Explosives, matches, & fireworks	63605	Matches	--	--	--	725608	1014724
Vegetable textile fibres, paper yarn & fabrics	115310	Jute Woven Fabric	1358339	191863	363748	521754	905063
Miscellaneous edible preparations	42106	Other Edible Preparations	61	4471	293670	322610	891731
Chemical products n.e.s.	63802	Activated Carbon	788329	821394	1060059	611283	525418
Tools & cutlery	158212	Razor Blades	422500	472280	743552	126670	478326
Used clothes & textile articles	116301	Blankets	--	--	--	14893	447600
Edible fruits, nuts & fruit peels	20803	Bananas	--	11942	670059	608523	404481
Toys, games, & sports	209506	Sports Equipment	27238	100638	174292	233047	386399
Used clothes & textile articles	116302	House Linens	36266	46269	125184	275891	380566
Inorganic chemicals	62815	Sodium or Potassium Peroxides	--	--	--	275891	335246
Machinery, mechanical appliances, & parts	168445	Textile Fibre Machinery	--	--	--	--	333661
Preparations of vegetables, fruit, nuts or other plant parts	42009	Fruit Juice	--	--	--	--	317228
Inorganic chemicals	62847	Hydrogen peroxide	25171	--	--	124516	284625
Optical, photo, & film equipment; medical instruments	189018	Medical Instruments	318522	133853	110462	73818	215131
Non-knitted clothing accessories	116203	Non-Knit Men's Suits	46307	153457	160045	110134	203099
Machinery, mechanical appliances, & parts	168414	Air Pumps	--	--	25193	100384	201686
Edible fruits, nuts & fruit peels	20810	Other Fruits	--	2197	107611	90500	159633
Machinery, mechanical appliances, & parts	168448	Knitting Machine Accessories	811	31639	33375	61691	126407

APPENDIX B

List of goods originating in the territory of the Republic of Uzbekistan and destined for the territory of the Islamic Republic of Pakistan

№	HSCode	Description	Tariff reduction %	Customs Duty (CD)%	Additional Customs Duty (ACD)%	Regulatory Duty (RD)%	Margin of Preference %	Revised duty rate %
1	071331	Dried, shelled beans of species 'Vigna mungo [L.] Hepper or Vigna radiata [L.] Wilczek', whether or not skinned or split	100 % decrease	3	2	-*	5	0
2	071339	Dried, shelled beans 'Vigna and Phaseolus', whether or not skinned or split (excluding beans of species 'Vigna mungo [L.] Hepper or Vigna radiata [L.] Wilczek', small red 'Adzuki' beans,kidney beans, Bambara beans and cow peas)	100% decrease	3	2	-*	5	0
3	081310	Dried apricots	100% decrease in CD and ACD	20	7	-*	27	0
4	120242	Groundnuts, shelled, whether or not broken (excluding seed for sowing, roasted or otherwise cooked)	100% decrease in CD	11	2	20	11	22
5	170490	Sugar confectionery not containing cocoa, incl. white chocolate (excluding chewing gum)	50% decrease in CD and 100% decrease in ACD and 25% decrease in RD	20	6	40	26	40
6	180690	Chocolate and other preparations containing cocoa, in containers or immediate packings of <= 2 kg (excluding in blocks, slabs or bars and cocoapowder)	50% decrease in CD and 100% decrease in ACD	20	6	10	16	20
7	200819	Nuts and other seeds, incl. mixtures, prepared or preserved (excluding prepared or preserved with vinegar, preserved with sugar but not laid in syrup, jams, fruit jellies, marmalades, fruit purée and pastes, obtained bycooking, and groundnuts)	100% decrease in CD and ACD	16	4	20	20	20
8	740811	Wire of refined copper, with a maximum cross-sectional dimension of > 6 mm	100% decrease in CD and ACD	11	2	-*	13	0
9	740819	Wire of refined copper, with a maximum cross-sectional dimension of <= 6 mm	50% decrease in CD	11	2	-*	5.5	7.5
10	841510	Window or wall air conditioning machines, self-contained or 'split-system'	20% decrease in CD	20	6	5% for 'in CKD/ SKD Condition', & 20% for 'Other'	4	27% for 'in CKD/ SKD Condition', & 42% for 'Other'
11								
12	841810	Combined refrigerator-freezers, with separate external doors	20% decrease in CD	20	6	5% on CKD, 20% on Other	4	27% for 'in CKD/ SKD Condition', & 42% for 'Other'
	850423	Liquid dielectric transformers, having a power handling capacity > 10.000 kVA	25% decrease in CD	20	6	-*	5	21
13	850450	Inductors (excluding inductors for discharge lamps or tubes)	100% decrease	20	6	-*	26	0
14	852872	Reception apparatus for television, colour, whether or not incorporating radio- broadcast receivers or sound or video recording or reproducing apparatus, designed to incorporate a video display or screen	25% decrease in CD	20	6	15	5	36

15	853710	Boards, cabinets and similar combinations of apparatus for electric control or the distribution of electricity, for a voltage <=1.000 V	20% decrease in CD	30	6	-*	6	30
16	853720	Boards, cabinets and similar combinations of apparatus for electric control or the distribution of electricity, for a voltage >1.000 V	100% decrease	20	6	-*	26	0
17	854449	Electric conductors, for a voltage <= 1.000 V, insulated, not fitted with connectors, n.e.s.	50% decrease in CD and 100% decrease in ACD	17	5	20% for Telephone Cables, & 10% for 'Multi core, flexible, flat type copper, insulated' & 'others'	13.5	28,5% for Telephone Cables,& 18,5% for 'Multi core, flexible, flat type copper, insulated' & 'others'

List of goods originating in the territory of the Islamic Republic of Pakistan and destined for the territory of the Republic of Uzbekistan

№	HS Code	Product Description	Tariff reduction%	Customs Duty (CD) rate %	Margin of Preference%	Revised duty rate %
1	080390	Fresh or dried bananas (excluding plantains)	20% decrease in CD	20, but not less than USD 0.20 / kg	4	16, but not less than USD 0.16 / kg
2	080529	Fresh or dried wilkings and similar citrus hybrids	20% decrease in CD	20, but not less than USD 0.20 / kg	4	16, but not less than USD 0.16 / kg
3	110812	Maize starch	100% decrease in CD	5	5	0
4	190531	Sweet biscuits	20% decrease in CD	20, but not less than USD 0.30 / kg	4	16, but not less than USD 0.24 / kg
5	190590	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products (excluding crispbread, gingerbread and the like, sweet biscuits, waffles, wafers not mentioned, rusks, toasted bread and similar toasted products)	30% decrease in CD	20, but not less than USD 0.30 / kg	6	14, but not less than USD 0.21 / kg
6	240120	Tobacco, partly or wholly stemmed or stripped, otherwise unmanufactured	20% decrease in CD	5	1	4
7	252329	Portland cement (excluding white, whether or not artificially coloured)	100% decrease in CD	30	30	0
8	320810	Paints and varnishes, incl. enamels and lacquers, based on polyesters, dispersed or dissolved in a non-aqueous medium; solutions based on polyesters in volatile organic solvents, containing > 50% solvent by weight	20% decrease in CD	10	2	8
9	320910	Paints and varnishes, incl. enamels and lacquers, based on acrylic or vinyl polymers, dispersed or dissolved in an aqueous medium	20% decrease in CD	10	2	8
10	382499	Chemical products and preparations of the chemical or allied industries, incl. those consisting of mixtures of natural products, n.e.s.	20% decrease in CD	30	6	24

11	392020	Plates, sheets, film, foil and strip, of non-cellular polymers of ethylene, not reinforced, laminated, supported or similarly combined with other materials, without backing, unworked or merely surface-worked or merely cut into squares or rectangles (excluding self-adhesive products, and floor, wall and ceiling coverings of heading 3918)	20% decrease in CD	10	2	8
12	392062	Plates, sheets, film, foil and strip, of non-cellular poly 'ethylene terephthalate', not reinforced, laminated, supported or similarly combined with other materials, without backing, unworked or merely surface-worked or merely cut into squares or rectangles (excluding those of poly 'methyl methacrylate', self-adhesive products, and floor, wall and ceiling coverings of heading 3918)	100% decrease in CD	10	10	0
13	700529	Float glass and surface ground and polished glass, in sheets, but not otherwise worked (excluding wired glass or glass coloured throughout the mass 'body tinted', opacified, flashed or merely surface ground, or glass having an absorbent, reflecting or non-reflecting layer)	20% decrease in CD	10	2	8
14	701090	Carboys, bottles, flasks, jars, pots, phials and other containers, of glass, of a kind used for the commercial conveyance or packing of goods, and preserving jars, of glass (excluding ampoules, glass inners for containers, with vacuum insulation, perfume atomizers, flasks, bottles etc. for atomizers)	100% decrease in CD	10	10	0
15	730690	Tubes, pipes and hollow profiles 'e.g., open seam, riveted or similarly closed', of iron or steel (excluding of cast iron, seamless or welded tubes and pipes and tubes and pipes having internal and external circular cross-sections and an external diameter of > 406,4 mm)	100% decrease in CD	5	5	0
16	820559	Hand tools, incl. glaziers' diamonds, of base metal, n.e.s.	20% decrease in CD	10	2	8
17	851712	Telephones for cellular networks 'mobile telephones' or for other wireless networks	20% decrease in CD	5	1	4