



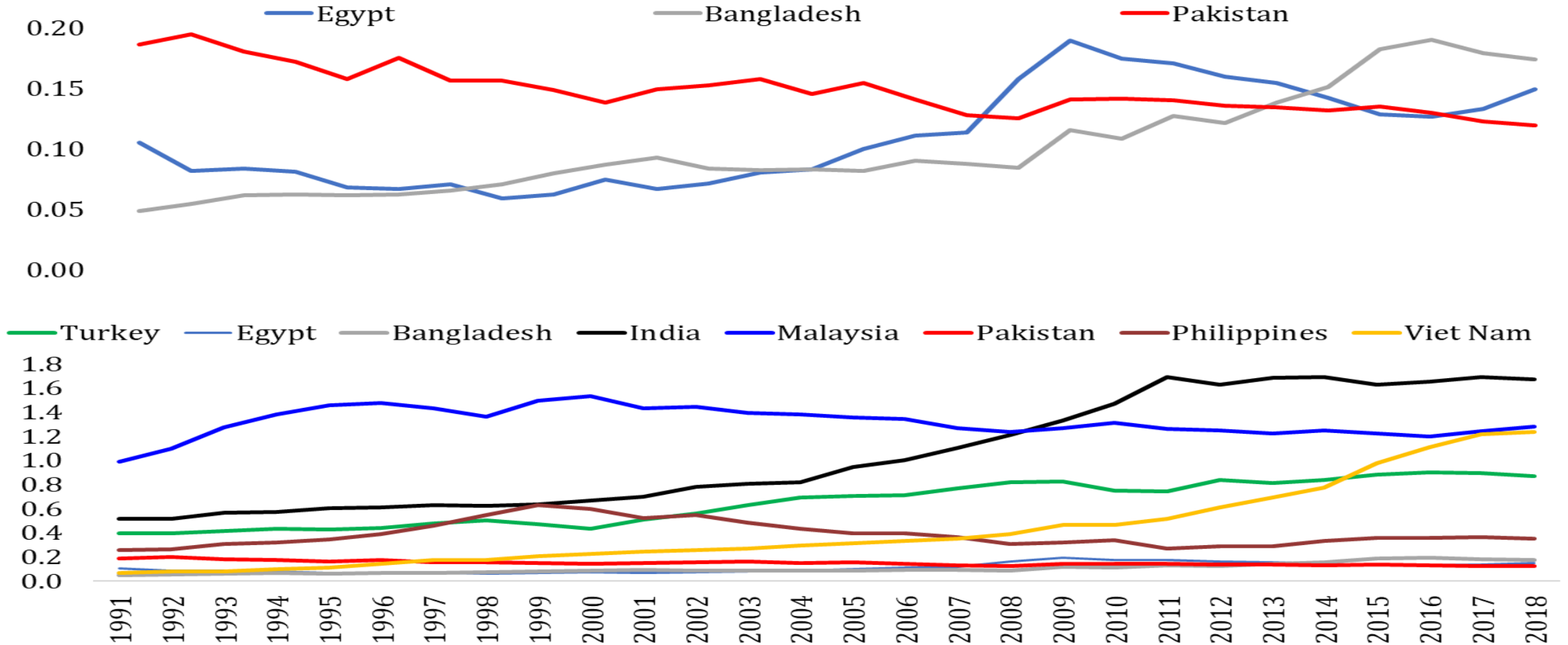
# **Estimation of Export Potential for Pakistan**

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# Pakistan's share in global exports is on decline

In percent of global export



# Product share of PK exports and their world counterpart

	% in world total exports				% in Pakistan total exports			
	2003-2006	2007-2010	2011-2014	2015-2018	2003-2006	2007-2010	2011-2014	2015-2018
Animal and vegetable oils, fats and waxes	0.4	0.5	0.6	0.6	0.5	0.6	0.7	0.2
Beverages and tobacco	0.8	0.8	0.8	0.9	0.2	0.1	0.2	0.1
Chemicals and related products, n.e.s.	10.5	10.8	10.6	11.5	2.5	3.4	4.2	4.3
Commodities and transactions not classified elsewhere	4.7	4.8	5.3	6.2	0.1	0.1	0.3	0.0
Crude materials, inedible, except fuels	3.2	3.6	4.0	3.7	1.9	2.8	4.4	2.9
Food and live animals	5.2	5.5	5.9	6.6	10.4	14.8	17.7	18.7
Machinery and transport equipment	37.9	35.0	32.7	36.4	2.2	3.1	1.6	1.6
Manufactured goods classified chiefly by material	14.0	13.4	12.4	12.3	50.2	43.9	42.8	41.4
Mineral fuels, lubricants and related materials	11.6	14.5	16.6	10.0	3.4	5.3	2.8	1.3
Miscellaneous manufactured articles	11.7	11.0	11.1	11.8	28.6	26.0	25.3	29.5

Highest

Lowest

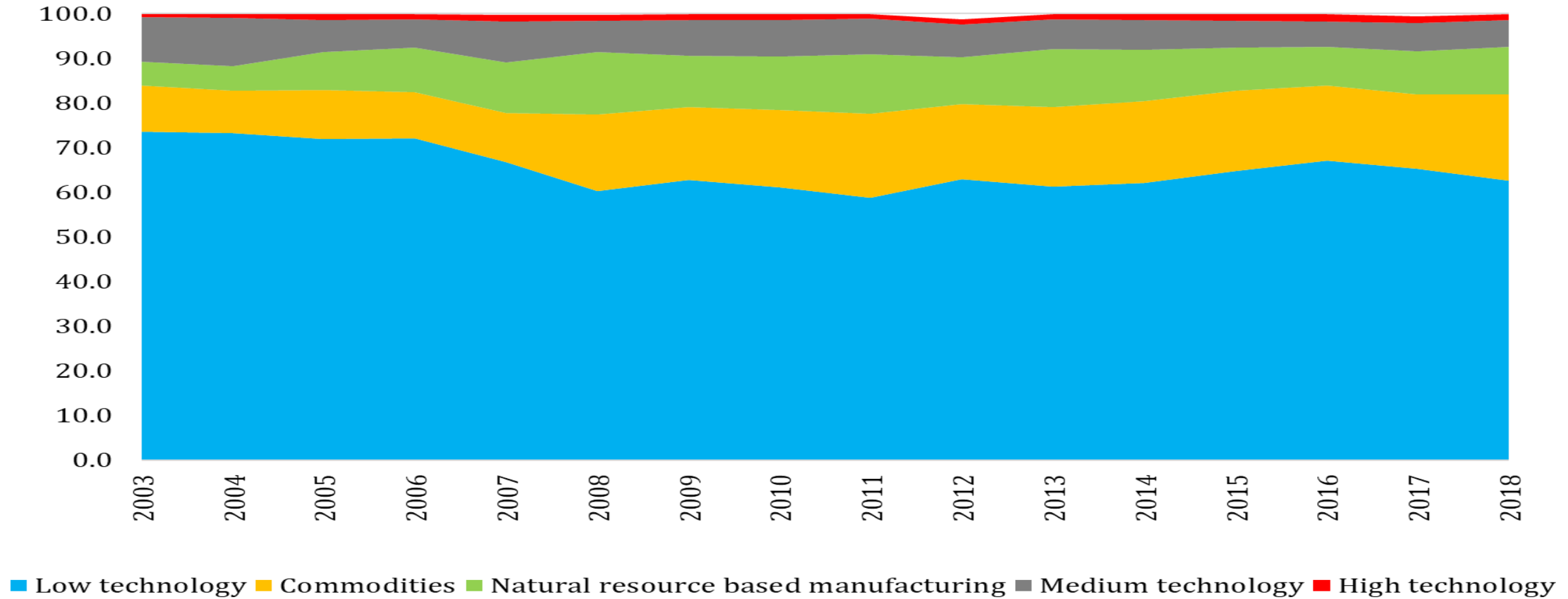
## Methodology: Demand and Supply

- ❖ We mapped Standard International Trade Classification (SITC) 3 digit codes with HS 6 digits spanning from 2003 to 2018 and categorized HS codes and added technological classification Sanjaya Lall, (2000) UN classification. Following the literature in international economics, revealed comparative advantage is used for assessing exports potential.

$$RCA = \frac{X_{Ai} / \sum_j X_{Aj}}{X_{Wi} / \sum_j X_{Wj}} \geq 1$$

- ❖ Based on RCA, we sorted the HS codes from highest comparative advantage to the least comparative advantage to identify the potential exports items from *supply side*.
- ❖ From the *demand side analysis*, we sorted HS codes based on world's fastest to slowest growing imports and then identified Pakistan's potential exports that matched with the world fast growing demand.

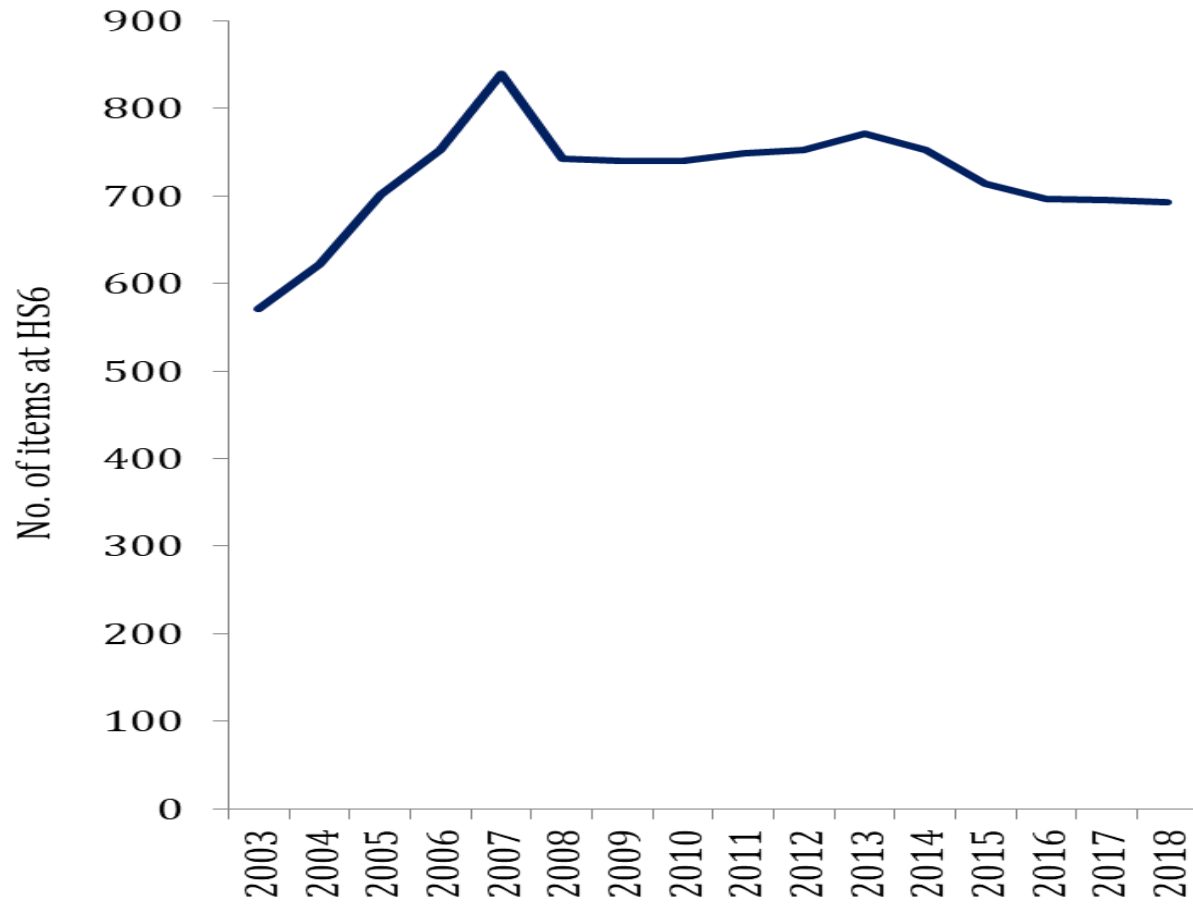
# Technological Classification of Pakistan's Exports



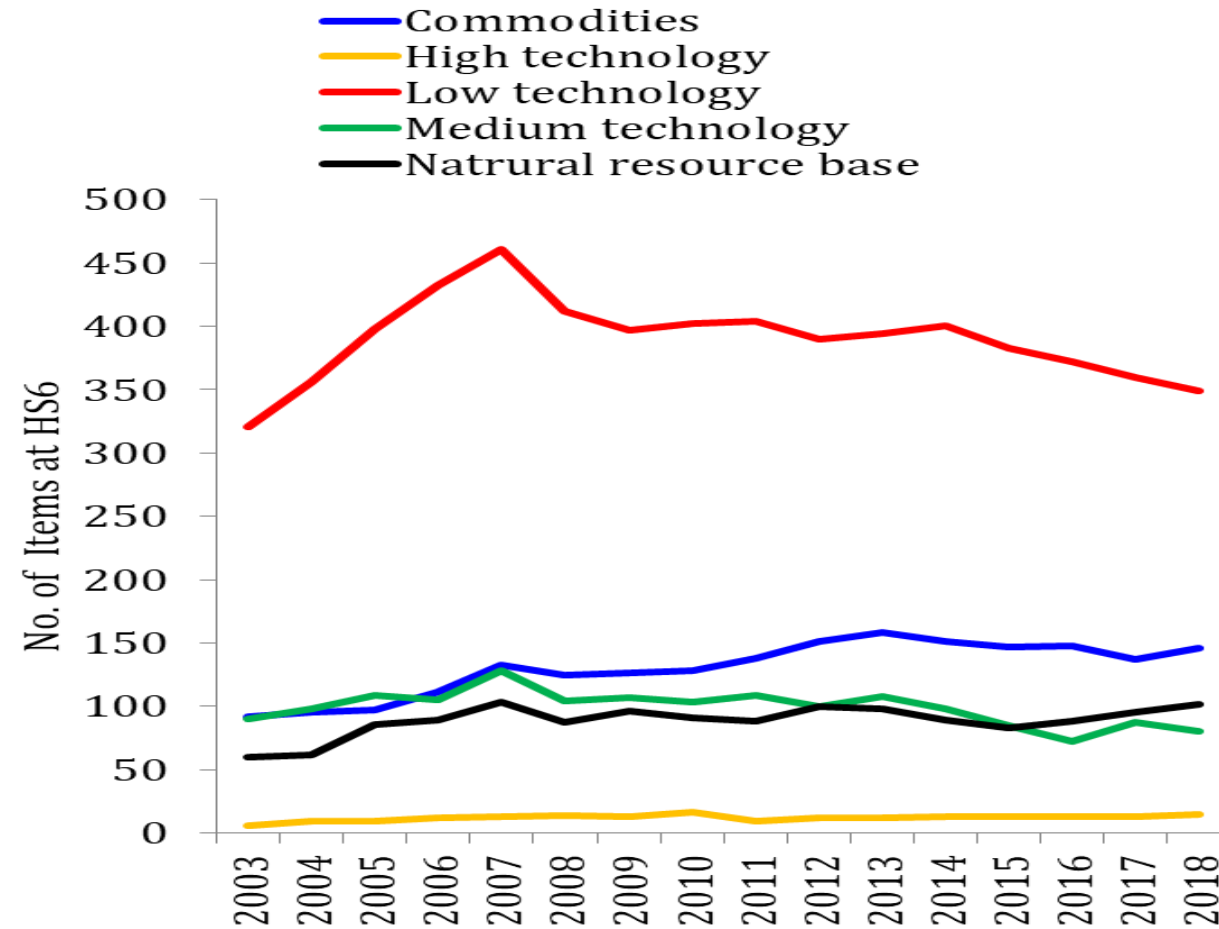
Source: State Bank of Pakistan

## Pakistan is loosing its comparative advantage overtime

**Total Exports**



**Technological classification**



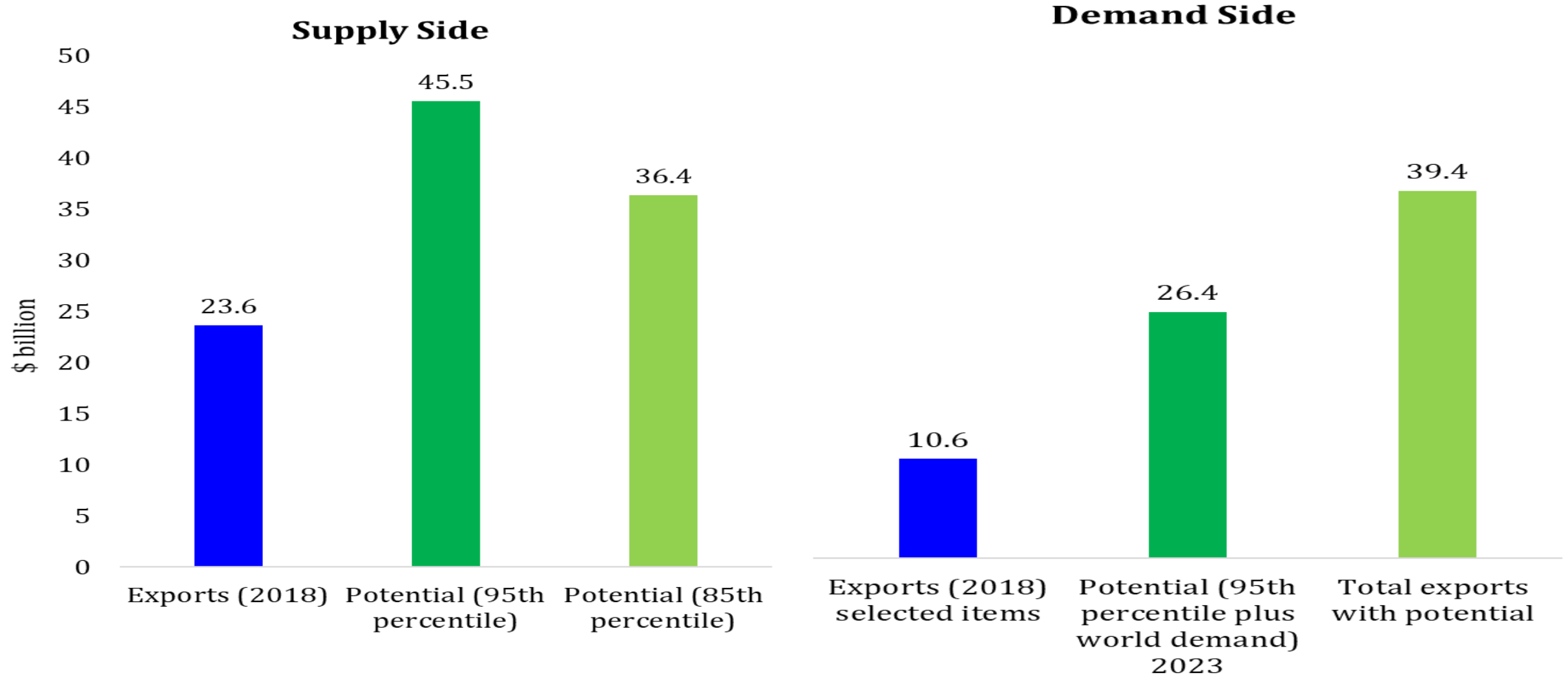


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## Exports Potential



## Initial Analysis of Export Potential: Supply Side and Demand Side

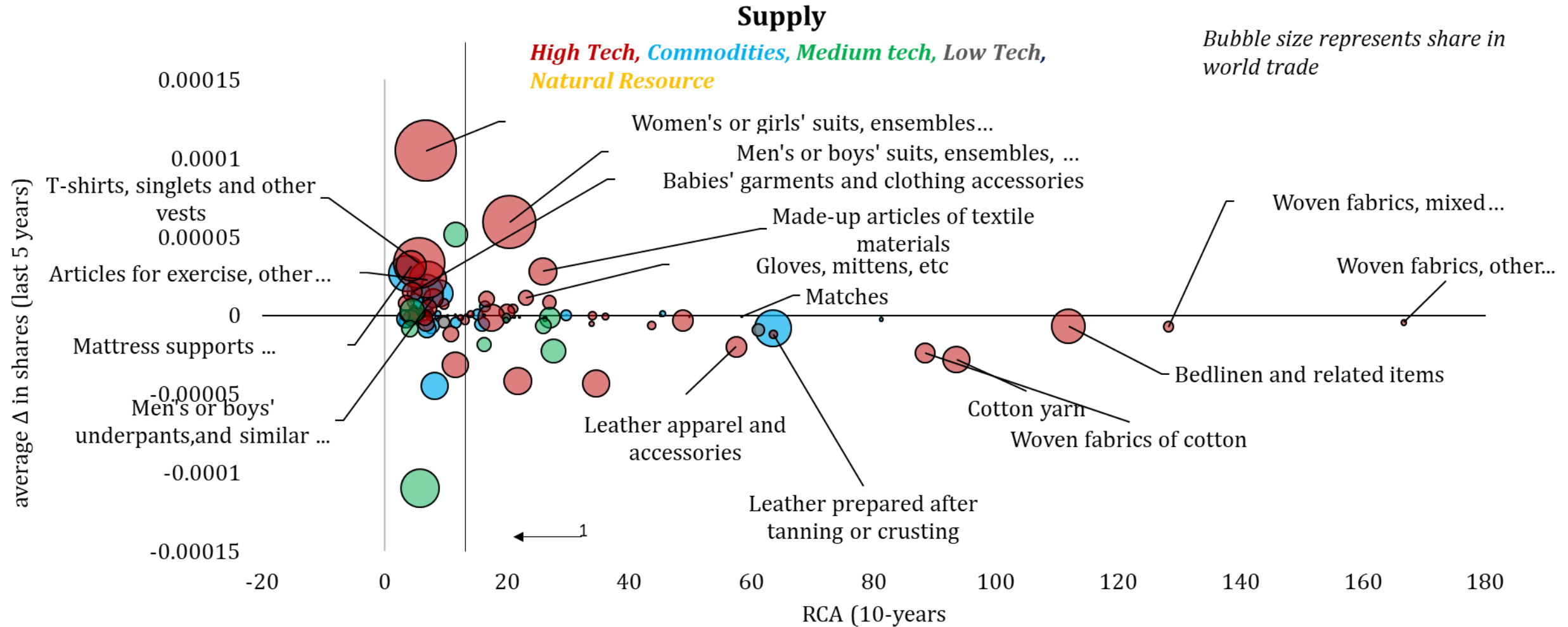


Source: State Bank of Pakistan



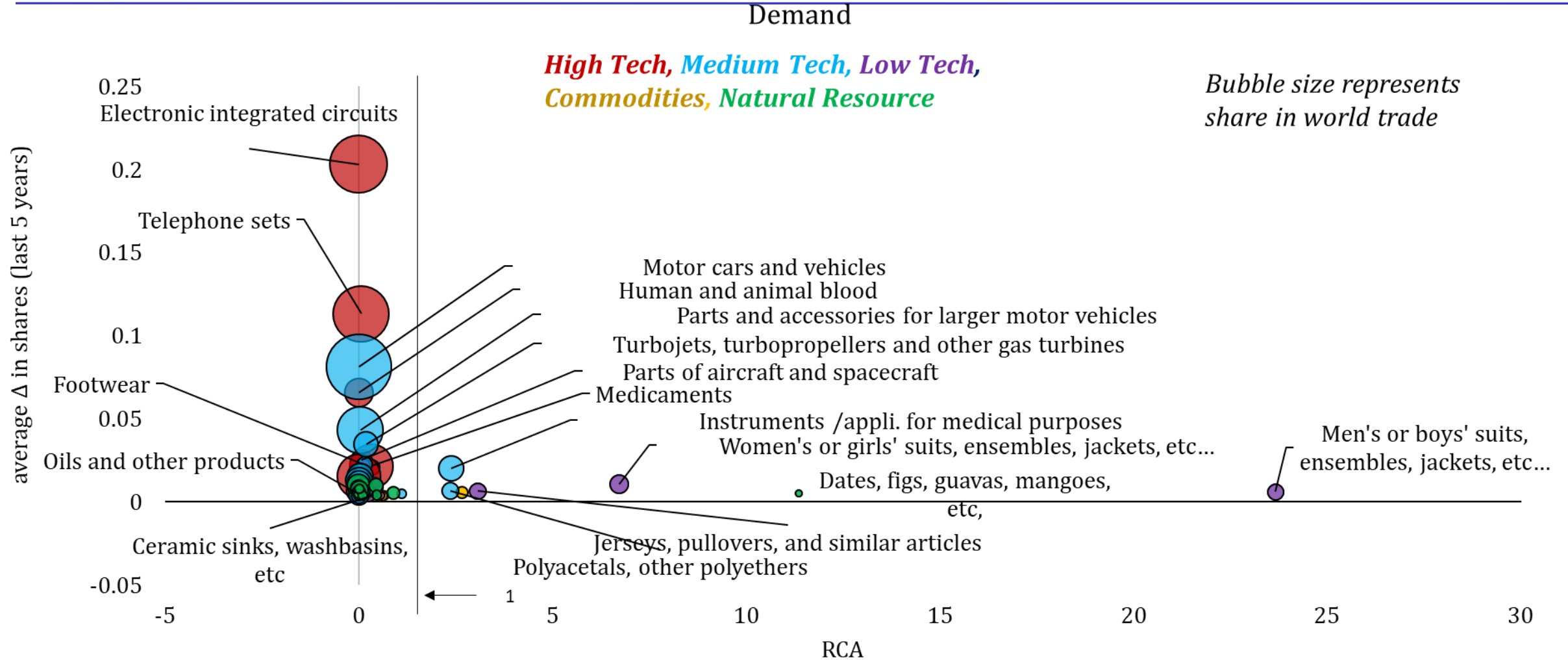
## Potential Export Items from Supply Side

# Comparative advantage revealed in low tech and commodities



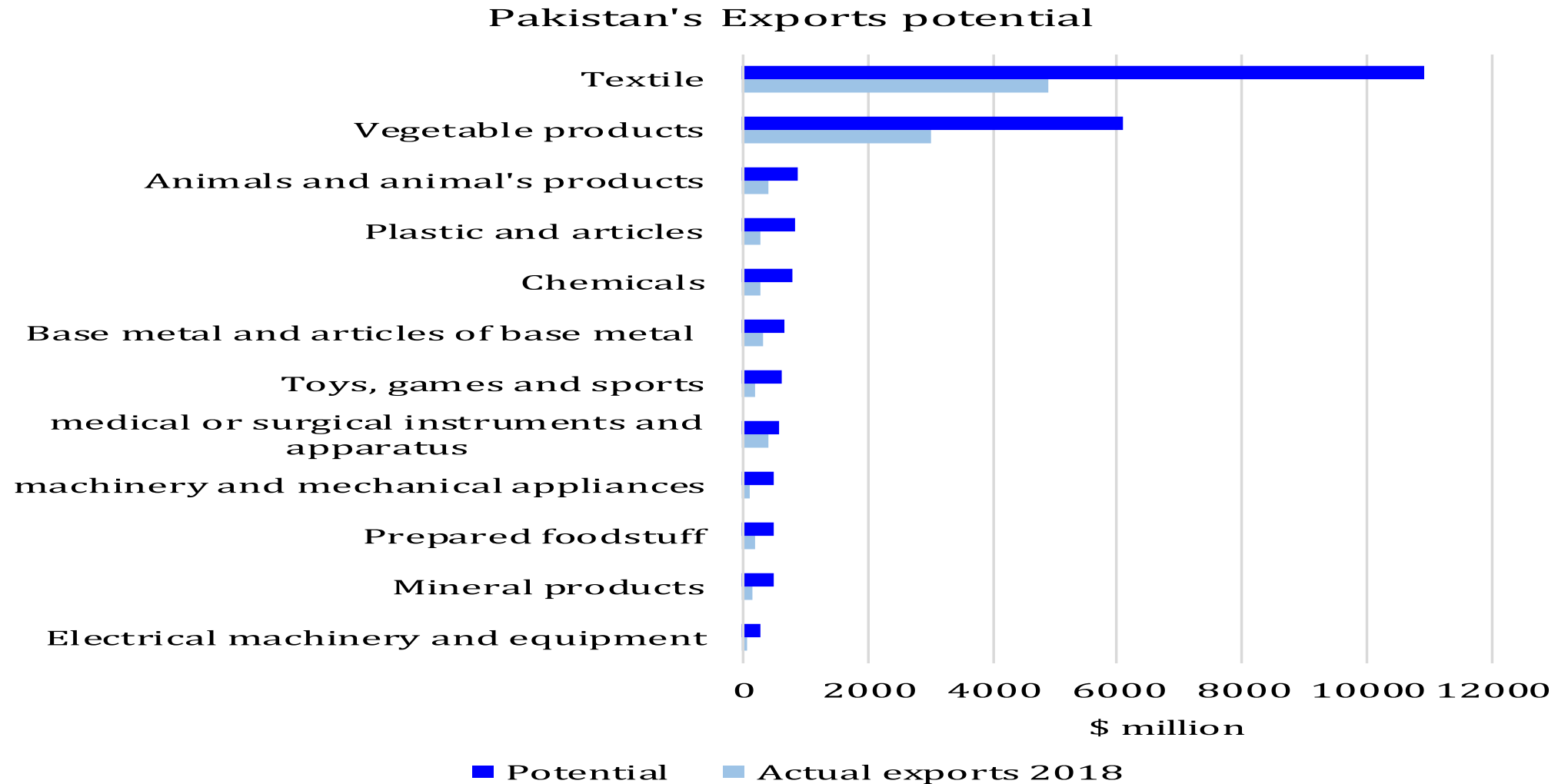
## Potential Export Items from Demand Side

# World demand is rising faster for high and medium tech exports



Source: State Bank of Pakistan

## Top 14: Pakistan's exports potential from demand side



## Conclusion

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- **With the given production structure, Pakistan has the potential to double its exports**
- **Most of this potential lies in labor intensive low tech products- good for employment**



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**Thank You**