



KCCI - Country Wrap: USA (Jan.'19)



Highlights of American Economy

The United States of America (USA) can be termed as the most influential economy in the world where any significant variation in its economic dynamics has a far reaching impact on other parts of the world. The USA economy has recovered to greater extent since financial recession of 2008 as the pace of economic growth and job creation has fastened.

Key Industries of USA

The USA has a highly diversified industrial base where its key industries include petroleum, chemicals, motor vehicles, telecommunication equipment, electronics, steel, food processing, lumber, mining, and aerospace and consumer goods.

Trade Relations of USA

USA has entered into Free Trade Agreements with many countries including Australia, Bahrain, Chile, Morocco, Oman, Singapore, Colombia, South Korea and Panama. President Donald Trump withdrew the US from the Trans-Pacific Partnership Trade Agreement (TPP) (includes Australia, Brunei Darussalam, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam) citing it as being unfavorable to the US.

The USA is considering a number of trade agreements, including the USA-EU Trans-Atlantic Trade and Investment Partnership (TTIP) to boost trade between USA and EU. TTIP aims to remove the already low tariffs between EU and USA in order to safeguard them against the economic challenges posed by developing countries in the global perspective, while simultaneously forming a powerful bloc to lay down the rules of international trade and investment.

USA's major traded commodities and partners

The main products exported by the USA are organic chemicals, motor vehicles, computers, telecommunication equipment, aircraft, automobiles, medicines and soya-beans, fruits, corn etc. Its major export partners are Canada, Mexico, China and Japan. The products largely imported by United States cover crude oil, office machines, automobiles, power machinery, clothing, furniture and toys. The major import partners of USA are China, Canada, Mexico, Japan and Germany.

Relations between Pakistan and USA

Pakistan is a major non-NATO ally of USA and an integral part of the global War against Terrorism. United States has been providing military and non-military aid to Pakistan since long. USA is the largest export partner of Pakistan. While imports from the US has been on the rise, exports from Pakistan have been largely stagnant for last many years.

USA Social and economic assistance

The U.S. has disbursed over \$ 11.10Bn worth of economic aid to Pakistan between FY02 and FY17 while \$ 0.21Bn had been requested FY18. The USA is also assisting Pakistan to overcome longstanding problems in its energy sector, promoting education, helping in increasing economic and agricultural opportunities, improving health care services, and supporting the development of critical infrastructure. USAID also provides relief and recovery assistance in the aftermath of natural disasters.

Bilateral trade relations between Pakistan and USA

Bilateral trade relations of Pakistan and USA have become stable with the passage of time. Pakistan is a beneficiary of the US GSP program, under which it has duty-free market access to the USA on over 3,500 products, including gems and jewelry, leather sports gloves, miscellaneous iron and steel articles, agricultural products, minerals, marble and carpets. Pakistan's exports to USA were recorded at \$ 3.76Bn in 2017 as against exports of \$ 3.62Bn in 2016, showing a paltry growth of 4% decline. Pakistan's imports from USA stood at \$ 2.81Bn during 2017 as against imports of \$ 2.11Bn in 2016, reflecting increase of 33%.

The United States is the single biggest export destination for cotton, textile and apparel products of Pakistan and accounts for 16% of total export volume. Discussions are under way for inking Bilateral Investment Treaty (BIT) between USA and Pakistan since 2009 where early implementation of BIT is expected to be in favor of both countries.

KCCI's role in promoting trade relations with USA

The KCCI has remained vibrant in promoting bilateral trade ties and exploring new trade prospects with USA. In this regard, KCCI has taken trade delegations to USA several times, first in August 2007 and then in May 2012 and May 2016. During these visits, leaders of KCCI maintained the stance that "We want Trade not Aid" and emphasized upon the need of minimizing trade barriers between the two countries. KCCI has stressed on concluding a Pak-USA trade agreement while shifting focus from aid to trade development, technology transfers and increase in investments. KCCI believes that only by increasing trade and economic activities can both USA and Pakistan enjoy mutually beneficial relations on a sustained basis.

Traded Commodities between Pakistan and USA

Woven fabrics, cotton yarn, leather, rice, textiles, sports and surgical goods are the main items exported by Pakistan to the USA while wheat, boiler machinery, electrical and telecom appliances and petroleum products mainly make up the import list of Pakistan from USA.

Potentials for enhancing bilateral trade between USA and Pakistan

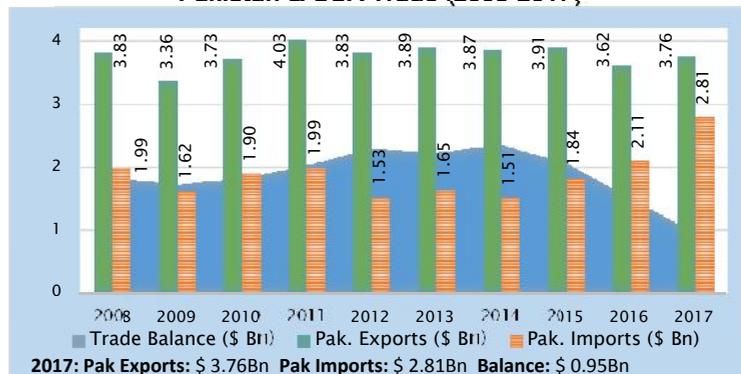
Being a trading partner and a close ally of USA, Pakistan should explore ways to enhance its bilateral trade with USA, and realize the full potential of the USA GSP. In case Pakistan manages to conclude a

Economic Indicators

Indicators	Unit	2016	2017	Change
GDP (PPP)	\$ Bn	19,060	19,490	2.26%
GDP per Capita	\$	58,900	59,800	1.53%
GDP growth	%	1.6	2.2	0.60%
Forex Reserves	\$ Bn	213.30	123.30	-42.19%
External Debt	\$ Bn	17,910	19,019	6.19%
Exports of Goods	\$ Bn	1,456	1,553	6.66%
Imports of Goods	\$ Bn	2,208	2,361	6.93%
Trade Balance	\$ Bn	-752	-808	-7.45%
Current Account	\$ Bn	-432.9	-449.1	-3.74%
FDI - at Home	\$ Bn	3,614	4,080	12.89%
FDI - at Abroad	\$ Bn	5,352	5,711	6.71%
CPI	%	1.3	2.1	0.80%
Lending Rate	%	3.51	4.1	0.59%
Population	Mn	323.07	325.15	0.64%
Unemployment	%	4.9	4.4	-0.50%

Sources: KCCI Research, CIA Factbook

Pakistan & USA Trade (2008-2017)



Source: KCCI Research, Trademap

USA's Top 10 Trade Items with World (2017)

Export Items	(\$ Bn)	Import Items	(\$ Bn)
Machinery & appl.	202.04	Electrical mach. & equip.	356.68
Electrical mach. & equip.	174.43	Machinery & appl.	349.04
Commodities NES	163.43	Vehicles, not railway	294.56
Mineral fuels & oils	139.03	Mineral fuels & oils	204.02
Vehicles, not railway	130.18	Pharmaceutical products	96.59
Optical, photo. or surgical	83.64	Commodities NES	91.19
Plastics & articles	61.89	Optical, photo. or surgical	86.13
Natural or cultured pearls	60.25	Furniture & bedding	67.23
Pharmaceutical products	44.94	Natural or cultured pearls	59.88
Organic chemicals	36.31	Plastics & articles	54.86

Sources: KCCI Research, Trademap

Pakistan - USA Top 10 Trade Items (2017)

Pakistan Export Items	(\$ Mn)	Pakistan Imports Items	(\$ Mn)
Other textile articles	1,386.6	Oil seeds & oleaginous fruits	431.56
Apparel, knitted	768.7	Machinery & appl.	314.20
Apparel, not knitted	595.9	Cotton	297.94
Articles of leather	115.9	Iron & steel	278.90
Cotton	107.6	Railway or track fixtures	192.94
Plastics & articles	100.3	Aircraft & parts	119.22
Optical, photo. or surgical	93.6	Commodities NES	117.07
Furniture & bedding	85.6	Optical, photo. or surgical	95.27
Natural or cultured pearls	59.0	Electrical mach. & equip.	90.19
Carpets & floor coverings	57.1	Edible fruit & nuts	64.20

Sources: KCCI Research, Trademap