INDO-PAK TRADE:
CURRENT STATUS AND FUTURE PROSPECT

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ABSTRACT

Focussing on the analysis of current status and future prospect of Indo-Pak trade, the paper attempts to analyse the trend in India's trade with Pakistan as a percentage of its total trade with world. An attempt is also made to examine India's and Pakistan's relative competitiveness by calculating revealed comparative advantage index as suggested by Balassa (1965). It was found that India's trade with Pakistan is meagre. The low level of trade between them can be attributed to low level of export potentialities of both the countries in meeting the import requirements of each other. Though India has more diversified export basket, a brief analysis of trade basket of India and Pakistan shows that they are competing with one another in the same industries in the International market. Apart from it, bad political relations due to the issues such Kashmir, intermittent aggressions by Pakistan such as Bombay attack etc are the reasons for the subdued trade between them.

Introduction:

India's trade with Pakistan has not been very impressive, both in terms of volume and as a percentage of its global trade. Its trade with Pakistan is approximately 0.32 percent of her total trade (average of 1995-2014), while India's exports to SAFTA countries have been below 5 percent of its total exports since 2008-2009 except 2012-13 which is 5.03%. The export share of India in Pakistan has been 0.60 (average of 1995-2014). It is worth noting that the growth rate of India's export in Pakistan had been in the negative for many years since 1995. India's imports from Pakistan have been only 0.13 (average). India has a favourable balance of trade with Pakistan throughout the period excluding 1998. It is important to note here that the official account of India's trade with Pakistan is flawed by the high incidence of informal trade between them [1] . The data merely captures the formal trade which takes place among

them[2]. Informal trade (via third countries such as the United Arab Emirates (UAE) is estimated at $2 billion to $3 billion per year[3]. But this figure could be highly skewed because it has been arrived at assumptions made more than a decade ago. Since then, informal trade is being curbed and informal trade is being brought into formal channel of trade.

There is no formal trade agreement between India and Pakistan. Most Favoured Nation Status (MFN) status was granted by India to Pakistan in 1995-96 but Pakistan is yet to reciprocate[4]. If Pakistan had granted MFN Status to India on reciprocal basis, the true picture of trade between them would have been slightly better. But it does not mean that the trade per cent would jump drastically because they do not have much to give and take as far as far as the factor endowment is concerned (it has been analysed later).

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[1] Taneja, N. (2001). Informal trade in SAARC region. *Economic and Political Weekly*, 959-964.

[2] Akram, H. W., & Ciddikie, M. D. (2014). india's trade relationship with SAFTA countries: A Review. *Journal of Indian Research*, *2*(1), 46-58.

[3] Khan, M. S. (1976). India-Pakistan Trade: A Roadmap for Enhancing Economic Relations. *Economics*, *1975*(76).

[4] http://commerce.nic.in/publications/anualreport_chapter6-2012-13.asp

Though Taneja (2006)[5] states that trade between India and Pakistan has always been inextricably linked to the political relations the two countries share, than being merely governed by economic factors. However that does not seem to be a valid point. If the proposition put forward by Taneja is taken into consideration, and all the factors other than economic ones are considered to be constant, then the trade between India and Pakistan should go as high as it was four decades ago. However, it is not the same because both the countries have grown comparative advantage in almost similar products. Thus they in general and Pakistan in particular meet the needs of India. It has been analysed in the later part of the article.

However, it is right so say that trade between India and Pakistan is also linked with political relations the two countries share.

In addition to political factors which need to be taken

(greater than one) 1indicates that the country has export advantage in a particular export product. The index <1 (less than one) indicates that the country has export disadvantage in a particular product.

RCA ratio is calculated as:

$$RCA_{ij} = \frac{\dfrac{X_{ij}}{X_{it}}}{\dfrac{X_{wj}}{X_{wt}}}$$

Where
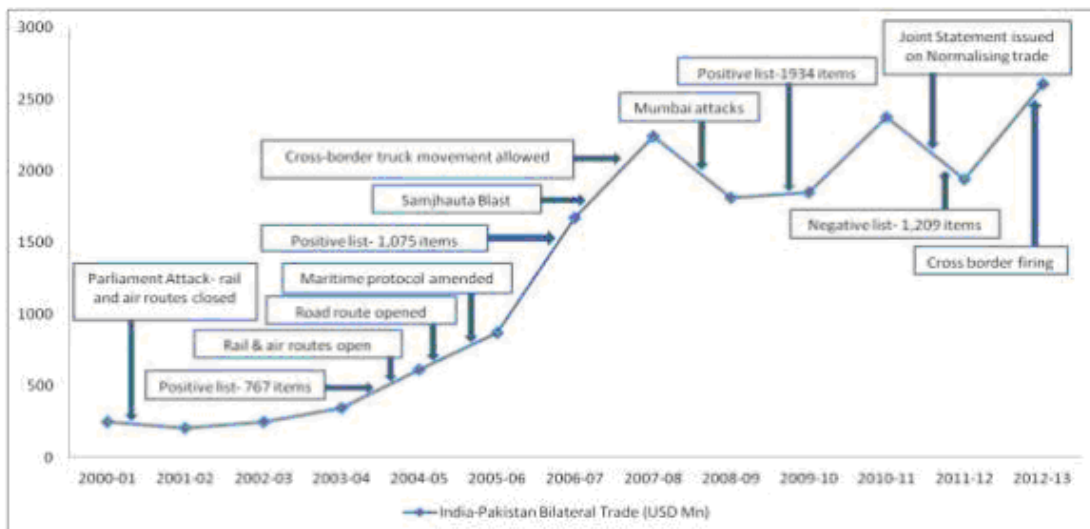RCA_{ij} = Revealed Comparative Advantage ratio for country i in product j
X_{ij} = Country i's exports of product j
X_{it} = Total exports of country
X_{wj} = World exports of product j
X_{wt} = Total World exports.

Graph 1: India-Pakistan Bilateral Trade (US $ Million)

Source: Taneja, N., Mehra, M., Mukherjee, P., Bimal, S., & Dayal, I. (2013). Normalizing India-Pakistan Trade (p.2). ICRIER Working Paper No 267. Retrieved from http://icrier.org/pdf/working_paper_267.pdf

care of include fair cross border transportation, dismantling of non-tariff barriers, formalisation of informal trade flows, promotion of Foreign Direct investments, simpler visa regime for business peoples etc. Then the trade between them can go up.

Research Methodology and Analysis:
Are India and Pakistan Real Trading Partners:
Analysis of Trade Comparative Advantage:

The revealed comparative advantage (RCA) index was developed by Balassa (1965) is widely used to measure a country's relative export advantage or disadvantage in export products. An index of >1

An analysis of 3-digt Standard International Trade Classification (SITC) data for 2006 and 2014 based on the Balassa index of Revealed Comparative Advantage (RCA) shows that in 2006 and 2014, India had comparative advantage (RCA Ratio > 1) in 90 and 89 SITC groups such as rice, tea and mate, spices, cotton, stone, sand and gravel, iron ore and concentrates, floor coverings etc., pearls, precious & semi-precious stones and Jewellery articles. India had comparative advantage in seven trade sectors in 2000. However, India has developed revealed comparative advantage in 11 sectors over the years. On the other hand, Pakistan had comparative advantage in only 44 products which increased to 53 in the year 2014. Thus, Pakistan comparative advantage has increased whereas India's comparative advantage has decreased, though, marginally. Pakistan Comparative advantage

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[5] Taneja, N., Mehra, M., Mukherjee, P., Bimal, S., & Dayal, I. (2015). Normalizing India-Pakistan Trade. In *India-Pakistan Trade* (pp. 13-45). Springer India.

is cantered in categories of products such as rice, meal and flour of wheat and flour of meslin, leather, textile yarn, cotton fabrics, woven, made-up articles, of textile materials, lime, cement, men's clothing of textile fabrics, not knitted, men's or boy's clothing, of textile etc.

It is worth mentioning that that Pakistan had comparative advantage in just 44 out of 255 product groups at 3-digit SITC classification for the year 2006. Thus, the representation of products with RCA greater than 1 stood at just 18% (Table 1). But it has slightly improved in 2014 with 21% representation. India's position in terms of trade comparative advantage in the world market is better than that of Pakistan. Both India and Pakistan had comparative disadvantage in 166 and 202 product groups out of the 255 products at the 3-digit SITC Code. Thus, both the countries have narrow product lines in which they are efficient suppliers to the world market. Both the countries do not have comparative advantage in capital goods. It has been found out of those 31 products of Pakistan in which it had comparative advantage >1 is similar in which India too had comparative advantage.

Thus, for the 31 products out of Pakistan's narrow product lines, both the countries are competitors in the world market and they are not natural trading partners because both the countries are efficient suppliers of those 31 products. Against India, Pakistan net comparative advantage lies in only 13 product groups. This is the reason for the low level of trade between India and Pakistan especially low level of Pakistan's export to India. For Instance both pf them are efficient suppliers of rice, textile yarn, cotton, made-up articles, of textile materials etc. An analysis of broad product categories (Table) data for 2006 and 2014 based on the Balassa index of Revealed Comparative Advantage (RCA) also show the same picture. It shows that in 2006 and 2014, India had comparative advantage (RCA Ratio > 1) in consumer goods (1532), intermediate goods (2049), animal including (01+02+03+04+05), footwear including (64+65+66+67), hides and skins including (41+42+43), minerals (25+26), stone and glass including (68+69+70+71), textiles and clothing including (50+51+52+53 +54+55+56+57+58+59+60+61+62+63),vegetables including (06+07+08+09+10+11+12+13+14+15). However, neither India nor Pakistan have export potentiality greater than world in product groups such as capital goods (905), raw materials (584), food products including (16+17+18+19+20+21+22+23+24), fuels (27), machinery and electrical including (84+85), miscellaneous including (90+91+92+93+94+95+96+97+98+99), transportation including (86+87+88+89), and wood including (44+45+46+47+48+49) (Table). This below the world export potentiality of India and Pakistan in the product

groups make them search for the efficient suppliers of those products to meet import requirements. In addition to it, export potential similarity among the regional members of SAFTA and especially between India and Pakistan is diverting export to take place in the world somewhere else than in the region. Similarly the lack of export potentiality whatsoever be the reason is compelling the regional members to look for other countries outside region to meet their import requirements. India and Pakistan are also prey to this reality. Unless and until they develop trade complementairty between themselves, enhancement of trade between them cannot be expected because at this juncture, they are not real trading partners but real competitors to a large extent.

Concluding Remarks:

Indo-Pak trade has been quite meagre. India's trade with Pakistan as a proportion of its trade with the rest of the world has been below 0.5 per cent since 1995. The reasons for the low level of trade can be attributed to lack of export-import match in addition to political factors. Both the countries are found to be real competitors in the world market and not the real trading partners. As far as comparative advantage is concerned, it has been found that both India and Pakistan have strong comparative advantage in the product group of textile and Hides & Skins. On the contrary, neither India nor Pakistan have comparative advantage in capital intensive and high value products. India has relative trade comparative advantage in a very large product groups than Pakistan. It is clear that the export interests India and Pakistan largely lie in similar commodities and they are not real trading partners in majority of Products for which both the countries are endowed with export potentiality. Both the countries have little to meet the import requirements of each other. But India can meet the import requirements of Pakistan to a certain extent. Thus, to promote trade share among them, the have to create trade potentiality and resolve political issues such as Kashmir dispute on which the grant of MFN Status to India by Pakistan still hinges on.

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[1] Akram, H. W., & Ciddikie, M. D. (2014). india's trade relationship with SAFTA countries: A Review. *Journal Of Indian Research*, *2*(1), 46-58.

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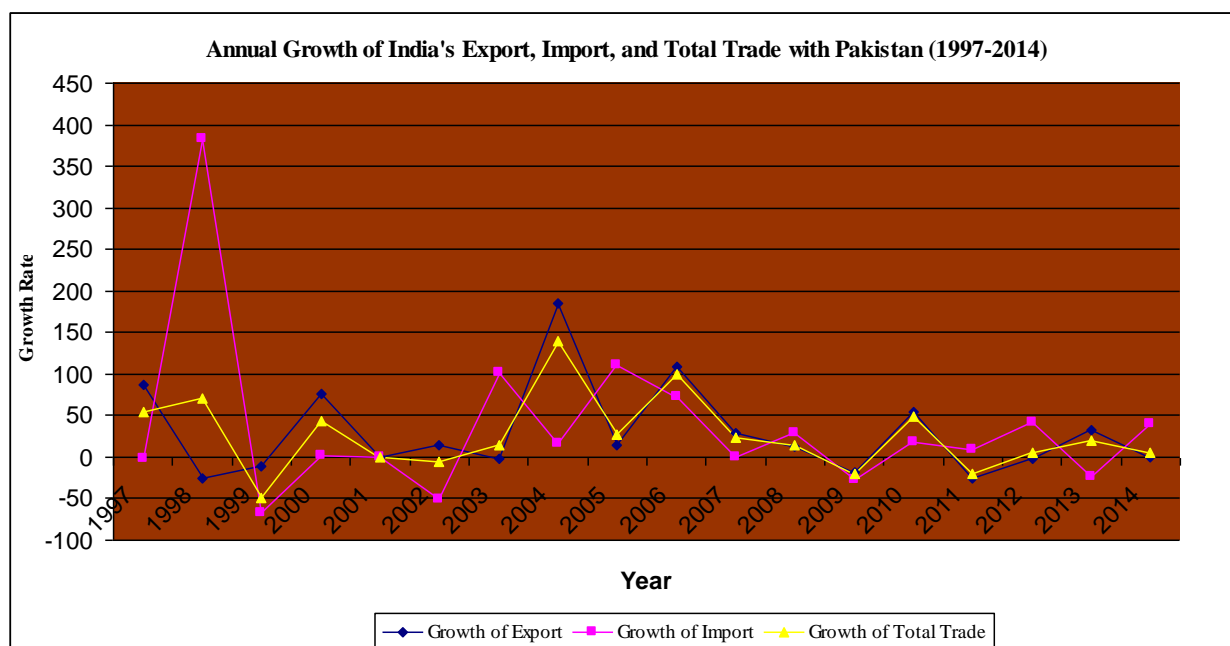
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[5] International Monetary Fund, Direction of Trade Statistics (various Issues)

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Table 1: India's Export, Import, Total Trade and Balance of Trade with Pakistan

Value in US $ Million

1	2	3	4	5	6	7	8	9	3-7	3+7	11
YEAR	Total Export	Export to Pakistan	% Share	Annual Growth Rate in Export to Pakistan	Total Import	Import from Pakistan	%Share	Annual Growth Rate in Import from Pakistan	Balance of Trade	Total Trade	Annual Growth Rate in Total Trade
1995	31698.57	76.59	0.24		36592.07	45.01	0.12		31.57	121.60	
1997	34793.75	143.18	0.41	86.95	41429.43	44.39	0.11	-1.39	98.79	187.57	54.25
1998	33207.32	106.06	0.32	-25.93	42424.95	214.64	0.51	383.55	-108.58	320.70	70.98
1999	36919.98	93.51	0.25	-11.84	50010.90	68.59	0.14	-68.05	24.92	162.09	-49.46
2000	42358.10	163.83	0.39	75.21	52940.25	69.62	0.13	1.51	94.21	233.45	44.02
2001	43878.49	164.60	0.38	0.47	50671.11	69.89	0.14	0.38	94.71	234.49	0.44
2002	50097.96	187.71	0.37	14.04	57453.47	33.89	0.06	-51.50	153.81	221.60	-5.50
2003	59360.66	183.55	0.31	-2.21	72430.52	68.05	0.09	100.79	115.50	251.61	13.54
2004	75904.20	522.08	0.69	184.43	98981.13	79.13	0.08	16.28	442.95	601.21	138.95
2005	100352.64	593.06	0.59	13.60	140861.67	165.95	0.12	109.71	427.12	759.01	26.25
2006	121200.61	1235.04	1.02	108.25	178212.44	286.47	0.16	72.63	948.57	1521.51	100.46
2007	145898.05	1584.29	1.09	28.28	218645.29	286.69	0.13	0.08	1297.60	1870.98	22.97
2008	181860.90	1772.78	0.97	11.90	315712.11	372.01	0.12	29.76	1400.76	2144.79	14.63
2009	176765.04	1455.77	0.82	-17.88	266401.55	272.12	0.10	-26.85	1183.65	1727.89	-19.44
2010	220408.50	2235.79	1.01	53.58	350029.39	320.73	0.09	17.86	1915.06	2556.51	47.96
2011	301483.25	1678.13	0.56	-24.94	462402.79	352.11	0.08	9.79	1326.02	2030.24	-20.59
2012	289564.77	1633.35	0.56	-2.67	488976.38	500.33	0.10	42.09	1133.02	2133.68	5.09
2013	336611.39	2176.41	0.65	33.25	466045.57	379.16	0.08	-24.22	1797.25	2555.57	19.77
2014	317544.64	2169.95	0.68	-0.30	459369.46	529.85	0.12	39.74	1640.09	2699.80	5.64
Average			0.60	29.12			0.13	36.23			26.11

Source: Computed from UN Comtrade Database

Chart 1

Source: Based on Table 1

Table 2: Revealed Comparative Advantage Indices for India and Pakistan (2006 & 2014)

Name of Product	SITC Code	RCA Indices 2006		RCA Indices 2014	
		PAK	IND	PAK	IND
Live animals other than animals of division	1	0.03	0.07	0.11	0.03
Meat of bovine animals, fresh, chilled or frozen	11	0.25	2.71	2.05	5.91
Other meat and edible meat offal	12	0.35	0.05	0.85	0.21
Meat, edible meat offal, salted, dried; flours, meals	16	0.11	0.02	0	0
Meat, edible meat offal, prepared, preserved, n.e.s.	17	0	0.03	0.04	0
Milk, cream and milk products	22	0.72	0.38	1.1	0.28
Butter and other fats and oils derived from milk	23	0.01	0.33	0.12	0.32
Cheese and curd	24	0	0.01	0	0.03
Birds' eggs, and eggs' yolks; egg albumin	25	0.1	2.16	1.26	1.17
Fish, fresh (live or dead), chilled or frozen	34	2.32	0.81	2.71	0.82
Fish, dried, salted or in brine; smoked fish	35	1.72	0.25	1.26	0.27
Crustaceans, mollusks and aquatic invertebrates	36	1.15	5.4	1.83	6.11
Fish, aqua. invertebrates, prepared, preserved	37	1.09	1.19	0.26	0.32
Wheat (including spelt) and meslin, unmilled	41	0	0.04	0.13	1.36
Rice	42	76.69	13.55	64.28	17.99
Barley, unmilled	43	0.03	0	0.03	1.01
Maize (not including sweet corn), unmilled	44	0.02	0.77	0.07	1.51
Cereals, unmilled	45	0	1.06	0	0.95
Meal and flour of wheat and flour of meslin	46	33.81	0.45	25.87	1.42
Other cereal meals and flour	47	2.04	0.87	2.93	1.21
Cereal preparations, flour of fruits or vegetables	48	0.26	0.35	0.81	0.43
Vegetables	54	0.67	1.48	1.79	0.92
Vegetables, roots, tubers, prepared, preserved	56	0.4	1	0.84	0.8
Fruits and nuts (excluding oil nuts), fresh or dried	57	1.61	1.63	3.21	0.94
Fruit, preserved, and fruit preparations (no juice)	58	0.09	0.53	0.17	0.73

Name of Product	SITC Code	RCA Indices 2006		RCA Indices 2014	
		PAK	IND	PAK	IND
Fruit and vegetable juices, unfermented, no spirit	59	0.86	0.06	1.79	0.02
Sugar, molasses and honey	61	2.13	2.87	7.16	2.07
Sugar confectionery	62	2.96	0.34	6.05	0.44
Coffee and coffee substitutes	71	0	2.28	0	1.22
Cocoa	72	0	0.02	0	0.14
Chocolate, food preparations with cocoa, n.e.s.	73	0.05	0.04	0	0.16
Tea and mate	74	0.14	9.3	1.05	4.73
Spices	75	4.68	11.39	4.67	9.04
Feeding stuff for animals (no unmilled cereals)	81	0.1	3.73	0.94	1.42
Margarine and shortening	91	0	0.14	0	0.03
Edible products and preparations, n.e.s.	98	0.25	0.23	0.35	0.3
Non-alcoholic beverages, n.e.s.	111	1.28	0.04	0.1	0.03
Alcoholic beverages	112	0	0.07	0	0.16
Tobacco, unmanufactured; tobacco refuse	121	0.64	3.5	1.31	3.28
Tobacco, manufactured	122	0.04	0.43	0.04	0.51
Hides and skins (except furskins), raw	211	0.02	0.26	0.05	0.02
Furskins, raw, other than hides & skins of group	212	0	0	0	0
Oil seeds and oleaginous fruits (excluding flour)	222	0.38	1.5	0.64	1.22
Oil seeds & oleaginous fruits (incl. flour, n.e.s.)	223	2.63	1.47	0.38	2.01
Natural rubber & similar gums, in primary forms	231	0	0.82	0	0.02
Synthetic rubber	232	0.05	0.31	0.14	0.39
Fuel wood (excluding wood waste) and wood charcoal	245	0	0.45	0	0.62
Wood in chips or particles and wood waste	246	0	0	0	0
Wood in the rough or roughly squared	247	0	0.04	0	0.01
Wood simply worked, and railway sleepers of wood	248	0	0.03	0	0.05
Pulp and waste paper	251	0.04	0	0	0.01
Silk	261	0.05	2.34	0.39	1.91
Cotton	263	6.8	8.1	10.66	9.57
Vegetable textile fibres, not spun; waste of them	265	0.15	2.32	0	6.93
Synthetic fibres suitable for spinning	266	1.62	2.14	0.07	2.37
Other man-made fibres suitable for spinning	267	0.07	1.05	0.05	2.19
Wool and other animal hair (incl. wool tops)	268	0.66	0.51	1.62	0.52
Worn clothing and other worn textile articles	269	4.26	0.15	5.69	1.27
Crude fertilizers (excluding those of division)	272	0	0.06	0.25	0.12
Stone, sand and gravel	273	0.82	7.56	4.9	5.28
Sulphur and unroasted iron pyrites	274	0	2.17	0.02	0.9
Natural abrasives, n.e.s. (incl. industri. diamonds)	277	0.04	4.01	0.01	3.78
Other crude minerals	278	0.38	1.56	4.5	2.03
Iron ore and concentrates	281	0	11.15	0.04	0.43
Ferrous waste, scrape; remelting ingots, iron, steel	282	0.22	0.02	0.28	0.01
Copper ores and concentrates; copper mattes, cemen	283	0	0.01	0.01	0.02
Nickel ores & concentrates; nickel mattes, etc.	284	0	0	0	0
Aluminium ores and concentrates (incl. alumina)	285	0	4.32	0.07	2.61
Ores and concentrates of uranium or thorium	286	0	0	0	0
Ores and concentrates of base metals, n.e.s.	287	0.95	2.66	2.09	0.3
Non-ferrous base metal waste and scrap, n.e.s.	288	0.61	0.15	2.05	0.08
Ores & concentrates of precious metals; waste, scrap	289	0	1.86	0.03	1.6
Crude animal materials, n.e.s.	291	2.11	0.77	3.04	0.65

Name of Product	SITC Code	RCA Indices 2006		RCA Indices 2014	
		PAK	IND	PAK	IND
Crude vegetable materials, n.e.s.	292	1.06	2.36	2.36	3.83
Coal, whether or not pulverized, not agglomerated	321	0.01	0.14	0	0.06
Briquettes, lignites and peat	322	0.01	0.03	0.01	0.02
Coke & semi-cokes of coal, lign., peat; retort carbon	325	0	0.13	0.01	0.17
Petroleum oils, oils from bitumin. materials, crude	333	0	0.01	0.11	0
Petroleum oils or bituminous minerals > % oil	334	1.26	3.72	0.33	3.73
Residual petroleum products, n.e.s., related mater.	335	0.52	1.26	0	1.33
Liquefied propane and butane	342	0	0	0	0
Natural gas, whether or not liquefied	343	0	0.03	0	0
Petroleum gases, other gaseous hydrocarbons, n.e.s.	344	0	0.8	0	1.4
Electric current	351	0	0	0	0
Animals oils and fats	411	0	0.43	0	0.42
Fixed vegetable fats & oils, crude, refined, fractio.	421	0	0.16	0.01	0.08
Fixed vegetable fats & oils, crude, refined, fract.	422	0	1.39	0.01	0.93
Animal or veg. oils & fats, processed, n.e.s.; mixt.	431	11.23	1.11	7.07	1.06
Hydrocarbons, n.e.s., & halogenated, nitr. derivative	511	0	2.84	0.1	1.69
Alcohols, phenols, halogenat., sulfonat., nitrat. der.	512	1.88	1.28	4.56	1.11
Carboxylic acids, anhydrides, halides, per.; derivati.	513	1.17	0.87	0.66	1.49
Nitrogen-function compounds	514	0.01	1.36	0.01	1.59
Organo-inorganic, heterocycl. compounds, nucl. acids	515	0	0.49	0	1.36
Other organic chemicals	516	0	7.33	0	2.89
Inorganic chemical elements, oxides & halogen salts	522	0.09	0.54	0.09	0.45
Metallic salts & peroxysalts, of inorganic acids	523	0.08	1.26	0.63	1.12
Other inorganic chemicals	524	0.03	0.2	0.18	0.19
Radio-actives and associated materials	525	0	0.01	0	0.09
Synth. organic colouring matter & colouring lakes	531	0.09	6.91	0.35	9.75
Dyeing & tanning extracts, synth. tanning materials	532	0.06	2.5	0.02	1.94
Pigments, paints, varnishes and related materials	533	0.32	0.37	0.45	0.54
Medicinal and pharmaceutical products, excluding	541	0.25	0.87	0.06	0.7
Medicaments (incl. veterinary medicaments)	542	0.18	1.16	0.4	1.82
Essential oils, perfume & flavour materials	551	0.09	1.69	0.02	1.73
Perfumery, cosmetics or toilet prepar. (excluding soaps)	553	0.08	0.5	0.16	0.43
Soaps, cleansing and polishing preparations	554	0.08	0.35	0.58	0.64
Fertilizers (other than those of group)	562	0.04	0.04	0	0.06
Polymers of ethylene, in primary forms	571	0.01	0.79	0.01	0.1
Polymers of styrene, in primary forms	572	0.25	0.78	1.69	0.32
Polymers of vinyl chloride or halogenated olefins	573	0.28	0.11	0.68	0.25
Polyethers, epoxide resins; polycarbonat., polyesters	574	1.58	1.03	1.91	0.7
Other plastics, in primary forms	575	0.01	0.83	0.05	0.86
Waste, parings and scrap, of plastics	579	0.46	0.32	3.11	0.06
Tubes, pipes and hoses of plastics	581	0.13	0.44	0.23	0.35
Plates, sheets, films, foil & strip, of plastics	582	0.2	0.63	0.26	0.61
Monofilaments, of plastics, cross-section > mm	583	0.52	0.14	0.02	0.37
Insectides & similar products, for retail sale	591	0.03	3.8	0.11	3.28
Starche, wheat gluten; albuminoidal substances; glues	592	0.44	0.75	0.47	0.71
Explosives and pyrotechnic products	593	0	0.47	0.01	0.6

Name of Product	SITC Code	RCA Indices 2006		RCA Indices 2014	
		PAK	IND	PAK	IND
Prepared addit. for miner. oils; lubricat., de-icing	597	0.28	0.3	0.04	0.35
Miscellaneous chemical products, n.e.s.	598	0.06	0.48	0.08	0.39
Leather	611	9.86	3.07	15.11	2.93
Manufactures of leather, n.e.s.; saddlery & harness	612	11.49	3.94	2.43	3.15
Furskins, tanned or dressed, excluding those of	613	0.02	0	0.25	0.01
Materials of rubber (pastes, plates, sheets, etc.)	621	0.01	0.62	0.08	0.59
Rubber tyres, tyre treads or flaps & inner tubes	625	0.06	1.33	0.06	1.19
Articles of rubber, n.e.s.	629	0.31	1.16	0.01	0.92
Cork manufactures	633	0.01	0.06	0	0.07
Veneers, plywood, and other wood, worked, n.e.s.	634	0.13	0.16	0.97	0.09
Wood manufacture, n.e.s.	635	0.21	0.2	0.17	0.47
Paper and paperboard	641	0.05	0.31	0.29	0.31
Paper & paperboard, cut to shape or size, articles	642	0.1	0.24	0.3	0.43
Textile yarn	651	24.21	5.78	25.23	6.3
Cotton fabrics, woven	652	49.85	3.03	60.08	3.38
Fabrics, woven, of man-made fabrics	653	6.74	2.98	6.25	2.61
Other textile fabrics, woven	654	1.3	4.15	0.24	1.82
Knitted or crocheted fabrics, n.e.s.	655	1.77	0.33	0.8	0.45
Tulles, trimmings, lace, ribbons & other small wares	656	0.62	1.51	1.02	1.98
Special yarn, special textile fabrics & related	657	0.86	0.53	1.49	0.86
Made-up articles, of textile materials, n.e.s.	658	66.92	6.78	49.45	4.48
Floor coverings, etc.	659	13.74	9.53	5.63	6.4
Lime, cement, fabrica. constr. mat. (excludingglass, clay)	661	3.83	4.26	12.11	2.55
Clay construction, refracto. construction materials	662	0.08	0.42	0.08	1.12
Mineral manufactures, n.e.s.	663	0.61	0.48	0.29	0.56
Glass	664	0.18	0.41	0.43	0.34
Glassware	665	0.34	0.85	0.19	1.04
Pottery	666	0.14	0.15	0.14	0.12
Pearls, precious & semi-precious stones	667	0.04	11.58	0.04	8.56
Pig iron & spiegeleisen, sponge iron, powder & granu	671	0	2.03	0.06	3.36
Ingots, primary forms, of iron or steel; semi-finis.	672	0.02	1.59	0.04	1.21
Flat-rolled prod., iron, non-alloy steel, not coated	673	0	1.56	0.25	1.41
Flat-rolled prod., iron, non-alloy steel, coated, clad	674	0.02	4.11	0.11	2.16
Flat-rolled products of alloy steel	675	0.01	0.84	0	0.62
Iron & steel bars, rods, angles, shapes & sections	676	0.12	1.01	0.02	0.77
Rails & railway track construction mat., iron, steel	677	0.06	0.18	2.19	0.57
Wire of iron or steel	678	0.06	2.37	0.01	1.57
Tubes, pipes & hollow profiles, fittings, iron, steel	679	0.35	1.96	0.87	1.55
Silver, platinum, other metals of the platinum group	681	0	0.07	0	0.03
Copper	682	0.03	2.26	0.19	1.32
Nickel	683	0	0.09	0	1.95
Aluminium	684	0.02	0.54	0	0.87
Lead	685	0.94	0.42	0.55	1.63
Zinc	686	0.03	3.23	0.07	1.94
Tin	687	0.01	0.8	0.01	0.28
Miscellaneous no-ferrous base metals for metallur.	689	0.03	0.3	0.01	0.21
Structures & parts, n.e.s., of iron, steel, aluminium	691	0.27	0.9	0.63	0.83
Metal containers for storage or transport	692	0.14	0.45	0.3	0.65

Name of Product	SITC Code	RCA Indices 2006		RCA Indices 2014	
		PAK	IND	PAK	IND
Wire products (excluding electrical) and fencing grills	693	0.15	1.23	0.06	1.58
Nails, screws, nuts, bolts, rivets & the like, of metal	694	0.04	0.85	0.03	1.42
Tools for use in the hand or in machine	695	0.14	1.25	0.18	0.83
Cutlery	696	3.19	1.31	5.16	0.65
Household equipment of base metal, n.e.s.	697	0.89	2.58	1.1	1.6
Manufactures of base metal, n.e.s.	699	0.09	1.17	0.05	1.28
Vapour generating boilers, auxiliary plant; parts	711	0.08	1.69	0.02	2.43
Steam turbines & other vapour turbin., parts, n.e.s.	712	0.23	1.34	0.23	0.72
Internal combustion piston engines, parts, n.e.s.	713	0.01	0.5	0.09	0.81
Engines & motors, non-electric; parts, n.e.s.	714	0.05	0.03	0.29	0.09
Rotating electric plant & parts thereof, n.e.s.	716	0.03	0.84	0.07	0.56
Other power generating machinery & parts, n.e.s.	718	0.32	0.27	0.04	0.44
Agricultural machinery (excluding tractors) & parts	721	0.06	0.24	0.12	0.26
Tractors (excluding those of &)	722	0.46	1.44	0.88	2.38
Civil engineering & contractors' plant & equipment	723	0.18	0.21	0.12	0.57
Textile & leather machinery, & parts thereof, n.e.s.	724	0.33	0.46	0.21	0.83
Paper mill, pulp mill machinery; paper articles man.	725	0.03	0.18	0.09	0.32
Printing & bookbinding machinery, & parts thereof	726	0.24	0.48	0.04	0.37
Food-processing machines (excluding domestic)	727	0.16	0.69	0.25	0.96
Other machinery for particular industries, n.e.s.	728	0.04	0.46	0.04	0.39
Machine-tools working by removing material	731	0.01	0.14	0.05	0.15
Mach.-tools for working metal, excluding removing mate.	733	0.01	0.27	0.05	0.23
Parts, n.e.s., & accessories for machines of ,	735	0.01	0.93	0.01	0.41
Metalworking machinery (excludingmachine-tools)	737	0.06	0.9	0.03	0.69
Heating & cooling equipment & parts thereof, n.e.s.	741	0.05	0.52	0.14	0.48
Pumps for liquids	742	0.07	0.6	0.05	0.66
Pumps (excluding liquid), gas compressors & fans; centr.	743	0.21	0.48	0.3	0.52
Mechanical handling equipment, & parts, n.e.s.	744	0.01	0.15	0.06	0.21
Other non-electr. machinery, tools & mechan. appar.	745	0.04	0.3	0.04	0.32
Ball or roller bearings	746	0.02	0.85	0.01	0.76
Appliances for pipes, boiler shells, tanks, vats, etc.	747	0.01	0.78	0.02	0.75
Transmis. Shafts	748	0.01	0.7	0.01	0.69
Non-electric parts & accessor. of machinery, n.e.s.	749	0.01	0.7	0.01	0.56
Office machines	751	0	0.2	0	0.06
Automatic data processing machines, n.e.s.	752	0	0.07	0	0.03
Parts, accessories for machines of groups	759	0.01	0.1	0.04	0.08
Television receivers, whether or not combined	761	0	0.1	0	0.17
Radio-broadcast receivers, whether or not combined	762	0.08	0.03	0	0.04
Sound recorders or reproducers	763	0.01	0.02	0	0.04
Telecommunication equipment, n.e.s.; & parts, n.e.s.	764	0.15	0.09	0.04	0.17
Electric power machinery, and parts thereof	771	0.01	1.07	0.05	0.66
Apparatus for electrical circuits; board, panels	772	0.01	0.36	0.03	0.44
Equipment for distributing electricity, n.e.s.	773	0.05	0.54	0.04	0.38
Electro-diagnostic appa. for medical sciences, etc.	774	0	0.92	0.02	0.47
Household type equipment, electrical or not, n.e.s.	775	0.06	0.18	0.26	0.18
Cathode valves & tubes	776	0	0.05	0	0.04

Name of Product	SITC Code	RCA Indices 2006		RCA Indices 2014	
		PAK	IND	PAK	IND
Electrical machinery & apparatus, n.e.s.	778	0.03	0.31	0.07	0.32
Motor vehicles for the transport of persons	781	0.01	0.19	0	0.49
Motor vehic. for transport of goods, special purpo.	782	0.26	0.21	0	0.31
Road motor vehicles, n.e.s.	783	0.08	0.59	0.02	0.34
Parts & accessories of vehicles	784	0.05	0.53	0.04	0.66
Motorcycles & cycles	785	0.11	1.57	0.11	2.66
Trailers & semi-trailers	786	0.04	0.09	0.01	0.08
Railway vehicles & associated equipment	791	0	0.28	0	0.24
Aircraft & associated equipment; spacecraft, etc.	792	0.04	0.04	0.07	1.93
Ships, boats & floating structures	793	0.05	0.89	0.01	2.05
Prefabricated buildings	811	0.02	0.03	0.01	0.24
Sanitary, plumbing, heating fixtures, fittings, n.e.s.	812	0.43	0.25	0.2	0.27
Lighting fixtures & fittings, n.e.s.	813	0.01	0.09	0.01	0.15
Furniture & parts	821	0.44	0.34	0.42	0.34
Travel goods, handbags & similar containers	831	0.17	2.1	0.3	1.22
Men's clothing of textile fabrics, not knitted	841	9.92	2.66	11.04	1.74
Women's clothing, of textile fabrics	842	4.32	4.62	5.63	2.61
Men's or boy's clothing, of textile, knitted, croche.	843	35.38	3.97	25.73	2.68
Women's clothing, of textile, knitted or crocheted	844	4.87	2.46	3.5	1.36
Articles of apparel, of textile fabrics, n.e.s.	845	3.67	2.03	2.84	2.17
Clothing accessories, of textile fabrics	846	12.86	2.32	12.2	2.13
Articles of apparel, clothing access., excluding textile	848	22.65	2.65	13.67	1.96
Footwear	851	1.31	1.62	0.72	1.27
Optical instruments & apparatus, n.e.s.	871	0	0.02	0	0.02
Instruments & appliances, n.e.s., for medical, etc.	872	2.09	0.29	2.53	0.31
Meters & counters, n.e.s.	873	0.12	0.23	0.01	0.52
Measuring, analysing & controlling apparatus, n.e.s.	874	0.02	0.17	0.08	0.27
Photographic apparatus & equipment, n.e.s.	881	0.01	0.05	0.01	0.35
Cinematographic & photographic supplies	882	0.03	0.06	0	0.06
Cinematograph films, exposed & developed	883	0.03	2.47	0	15.42
Optical goods, n.e.s.	884	0	0.24	0	0.3
Watches & clocks	885	0.05	0.16	0.05	0.1
Arms & ammunition	891	0.1	0.06	0.1	0.55
Printed matter	892	0.1	0.42	0.12	0.43
Articles, n.e.s., of plastics	893	0.61	0.55	0.27	0.53
Baby carriages, toys, games & sporting goods	894	3.4	0.21	2.84	0.19
Office & stationery supplies, n.e.s.	895	0.3	1.13	0.25	0.98
Works of art, collectors' pieces & antiques	896	0.01	2.55	0.01	0.5
Jewellery & articles of precious materia., n.e.s.	897	0.28	10.16	0.56	4.97
Musical instruments, parts; records, tapes & similar	898	0.2	0.6	0.05	0.27
Miscellaneous manufactured articles, n.e.s.	899	0.76	0.57	0.37	0.43
Gold, non-monetary (excluding gold ores and concentrates)	971	0	0	0	0.6
Number of Products with RCA >1 →		**44**	**90**	**53**	**89**

Source: Calculated by Author based on UNCTAD Database

Table 3: Revealed Comparative Advantage ratios for Broad Categories of products for India and Pakistan (2006 & 2014)

Broad Product Groups (HS Code 1988/92)	RCA Indices			
	2006		2014	
	IND	PAK	IND	PAK
Capital goods (905)	0.32	0.07	0.38	0.07
Consumer goods (1532)	1.29	1.93	1.44	1.84
Intermediate goods (2049)	1.66	1.58	1.71	1.39
Raw materials (584)	0.79	0.36	0.56	0.59
Animal (01+02+03+04+05)	1.19	0.9	1.37	0.86
Chemicals (28+29+30+31+32+33 +34+35+36+37+38)	1.22	0.13	1.55	0.1
Food Products (16+17+18+19+20+21+22+23+24)	0.92	0.6	0.59	0.96
Footwear (64+65+66+67)	1.71	0.71	1.91	0.85
Fuels (27)	0.64	0.2	0.84	0.13
Hides and Skins (41+42+43)	2.97	8.46	2.97	9.16
Machinery and Electrical (84+85)	0.32	0.03	0.35	0.02
Metals (72+73+74+75+76+78 +79+80+81+82+83)	1.31	0.27	1.17	0.33
Minerals (25+26)	4.82	0.31	1.05	1.56
Miscellaneous (90+91+92+93+94+95+96+97+98+99	0.25	0.54	0.32	0.52
Plastic or Rubber (39+40)	0.73	0.28	0.64	0.34
Stone and Glass (68+69+70+71)	5.87	0.31	3.67	0.28
Textiles and Clothing (50+51+52+53+54+55+56+57+58+59+60+61+62+63)	3.78	15.4	3.71	16.1
Transportation (86+87+88+89)	0.31	0.04	0.55	0.02
Vegetable (06+07+08+09+10+11+12+13+14+15)	1.94	3.79	1.89	2.91
Wood (44+45+46+47+48+49)	0.25	0.06	0.2	0.08

Source: Prepared by author based on WITS Database

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