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PAKISTAN'S TRADE RELATIONS WITH THE EUROPEAN UNION: A STUDY OF TRADE AGREEMENTS, TARIFFS, AND NON-TARIFF BARRIERS

Iram Abid

Lecturer in Pakistan Studies, Mirpur University of Science and Technology (MUST) Mirpur AK
iramabid.law@must.edu.pk

Arooj Aziz

Lecturer Department of Law, Mirpur University of Science and Technology (MUST) Mirpur AK
arooj.law@must.edu.pk

ABSTRACT

Pakistan's trade relations with the European Union (EU) have evolved significantly over the decades, with the EU emerging as one of Pakistan's largest trading partners. This study examines the dynamics of this relationship, focusing on the impact of trade agreements, tariffs, and non-tariff barriers (NTBs) on bilateral trade. The research highlights the EU's role in promoting trade liberalization through preferential trade agreements, such as the Generalized System of Preferences (GSP+), which has provided Pakistan with tariff concessions to enhance its export competitiveness. However, the benefits of these agreements are often offset by the persistence of non-tariff barriers, which include regulatory standards, licensing requirements, and technical barriers to trade. Using a mixed-methods approach, this study analyzes trade data, policy documents, and stakeholder interviews to assess the effectiveness of EU-Pakistan trade agreements in reducing tariffs and addressing NTBs. The findings reveal that while tariff reductions have facilitated increased exports of Pakistani textiles, garments, and agricultural products to the EU, non-tariff barriers remain a significant obstacle. These barriers increase the cost of compliance for Pakistani exporters, limit market access, and hinder the full realization of trade potential. The study also explores the asymmetries in the trade relationship, emphasizing the need for Pakistan to align its regulatory frameworks with EU standards to overcome NTBs. It concludes with

policy recommendations, including capacity-building initiatives for exporters, harmonization of product standards, and enhanced bilateral dialogue to address trade disparities. By addressing these challenges, Pakistan can strengthen its trade ties with the EU and achieve sustainable economic growth.

Keywords: *Pakistan, European Union, Trade Agreements, Tariffs, Non-Tariff Barriers, GSP+, Export Competitiveness, Trade Liberalization, Regulatory Standards, Bilateral Trade.*

Introduction

With the ever-changing dynamic of international trade, the nature, scope, and relationships of countries in the realm of international trade undergo significant transformations over time. As one of the major mechanisms designed to open markets and foster economic integration, trade agreements hold substantial potential to alter the flow and direction of trade in several important aspects. In light of this evolving scenario of international trade, it becomes increasingly crucial for a country to possess a straightforward yet comprehensive understanding of the various complexities involved as well as the wide-ranging implications that can accompany entering into any kind of trade agreements (Mattoo et al.2022). It is essential for nations not only to evaluate their own strategic interests thoroughly but also to consider the potential benefits, as well as the challenges, that such agreements might introduce to their economies. By engaging in this critical assessment, countries can better navigate the intricate landscape of international trade, positioning themselves to capitalize on opportunities while mitigating risks effectively.

The incorporation of various provisions in trade agreements has led to a variety of economically meaningful outcomes. For instance, cross border transactions have become leaner and common regulations have eliminated duplications and led to standardization. Trade agreements have reduced the need for tariffs and quotas through the harmonization of product standards and customs processes. However, other policy instruments beyond border control have been introduced that restrict free trade. The most common amongst these are licensing requirements, minimum import prices, and differential regulations. In this regard, non-tariff measures have been imposed more regularly by merger markets over the last two decades as compared to the other

policy tools. Such barriers raise the overall cost of traded goods, and sometimes prohibit the entry of such goods into the domestic market (He, 2023). Consequently, in the presence of non-tariff measures, free trade is not possible, and hence the potential benefits of trade agreements are significantly affected. In this respect, research on the impact of trade agreements on non-tariff measures has become an important policy question and a focus of empirical investigation.

Pakistan and the European Union share a long history of association after the second war. Historically, the EU is Pakistan's biggest trading partner with a significant share in exports, and was followed by regional partner Middle East and North Africa with a notable share. In recent times, the EU has pushed trade liberalization with its closest neighbors by signing free trade agreements. In case of Pakistan, the EU has given special treatment in order to facilitate trade, but in return, Pakistan must return the same treatment by eliminating tariff and non-tariff barriers (Masood et al.2023). Therefore, the debate is formed to scrutinize the issue by addressing prominent questions: a) what is the impact of the trade agreement between Pakistan and the European Union on tariffs? b) What is the impact of this trade agreement on non-tariff barriers?

Historical Overview of Pakistan-EU Trade Relations

This section provides a historical overview of trade relations between Pakistan and the European Union with a particular focus on trade agreements, tariffs, and non-tariff barriers. Following this overview, Section 3 presents an empirical examination of the effect of the South Asia Trade and Investment Cooperation Agreement (SAFTA) on bilaterally traded commodities between Pakistan and the European Union (Brunet-Jailly, 2022). The period from independence to the late-1960s essentially consists of Pakistan trading with its former colonial masters. Bilateral trade volume during the years following Pakistan's independence in 1947 until the early 1960s was quite low due to a significant export of primary goods from Pakistan to the UK and import of manufactured goods from the UK to Pakistan.

The transition from early independence to the subsequent establishment of foreign aid assistance provided by the Soviet Union in the mid-1960s was not only a significant event but also

represented a crucial and transformative period in Pakistan's economic history. It laid down a solid and well-structured foundation that would eventually lead to the later expansion of multifaceted trade initiatives between Pakistan and the newly formed European Economic Community (EEC). This era was marked by pivotal agreements and a vision for enhanced economic collaboration. In June 1963, a significant and noteworthy agreement was signed between Pakistan and the EEC that permitted two-way duty-free trade of all goods across a wide spectrum. The agreement allowed for the exchange of a variety of products with the only notable exceptions being certain textile products, which were omitted from the comprehensive trade agreement. This strategic treaty was deliberately designed to act as a cornerstone, facilitating further and broader long-term trade relations and interactions between Pakistan and the EEC.

However, the ambitious goals set forth by both parties faced significant challenges. One critical factor that contributed to the limited impact of this trade agreement was the tumultuous war that erupted in 1965 between India and Pakistan. The intense and detrimental strain resulting from this devastating conflict led to a period of severe economic instability and disruption within Pakistan. As a direct consequence, the newly established trade agreement between Pakistan and the EEC unfortunately fell far short of achieving its intended success or the desired impact (Shad). A detailed analysis of the available data reveals that by 1967, the volume of trade had declined significantly, and alarmingly, the predetermined goals that both Pakistan and the EEC had envisioned as part of their collaborative efforts could not be accomplished or fully realized. It was indeed a challenging period that required immense resilience.

In the subsequent year, 1969, a notable and promising advancement occurred when an EEC-Pakistan Joint Commission was formed, signaling a renewed commitment to economic cooperation. This development took place after the European Commission made a significant commitment to a financial protocol, which provided substantial and much-needed aid totaling 110 million ECU. This assistance was crucial in helping Pakistan stabilize its economy and restore its trade relations. Furthermore, in 1976, another significant agreement was initiated regarding the

export of sugar to European markets on a duty-free basis, which granted Pakistan free access and opportunities that allowed for the export of sugar supplies to EEC countries. This agreement ultimately led to an impressive volume of exports reaching as much as 130,000 tons. This series of developments and initiatives illustrates the evolving dynamics of trade relations and highlights the array of economic challenges and opportunities that both regions faced during that particular era. (Vaqar & Ghulam, 2011)

Trade Agreements between Pakistan and the European Union

After gaining independence from British colonial rule in 1947, Pakistan took its place amongst the comity of nations as an independent state. As the newly founded Pakistan inherited only a few legal and trade related treaties, some of which were carved into the legal system of the land at the time of partition. Apart from specific legal and trade agreements, the newly created Pakistan became a member of various corporate agreements and alliances on defense and strategic grounds. During the cold war era Pakistan became a member of the defense pacts like South East Asia Treaty Organization and Central Treaty Organization. In this process, the newly created state of Pakistan as a buffer zone and boundary to Russia found another source of income and security in the form of trade agreements particularly with developed states of the world.

The first trade agreement was signed in 1963 with European Union, then in 1983 between Pakistan and European Union signed the Cooperation Agreement followed by trade treaty in 1984 and framework agreement in 2004 and Strategic Engagement Plan in 2012. So, in this manner the economic and trade ties between two countries remained strengthened and further fortified with time. Pakistan attempted to align its trade policy along the lines of these defense agreements the major share of its export commodities like Rice, Wheat, Cotton, Textile made ups including the cotton textiles, bed linen, tin badge and other metals with allies like USA and EU states. (Rathkolb, 2021) Every agreement took into account certain quota reduction and elimination package for designated goods of Pakistan's export interest i.e., bed linen, cotton textiles, terry towel, silk, woolen and vegetable fibers etc. These goods are either exported by fiscal policy or export subsidy

or given concession in the shape of preferential tariff to the exporters on the post exportation of indent or bill of export.

Tariffs and Customs Duties in Pakistan-EU Trade

This chapter analyzes tariffs and customs duties vis-à-vis EU imports from Pakistan. This is important as, in the traditional plethora of discussions, negotiations, and issues concerning barriers to trade, international trade disputes, and solutions to trade problems, tariff measures occupy the major share of the explanations. Such a study also allows an examination of the TLT effects of the EPAs. Section 4.1 provides information on tariffs and customs duties in EU imports concerning EU-like imported commodities tariff lines from Pakistan at the six-digit HS 2002 level (Ahmad et al.2024). A comparison with EU total like-imported commodities from world partners under preferential trade arrangements with MFN is made.

The findings indicate that there is a significant number of tariff lines where customs duties are applied, and also the level of duties above 10% ad valorem in EU imports from Pakistan. In the HSL3 classification, these are in textiles and clothing, some chemicals, some food preparations, and some fresh fruits. Moreover, the majority of EU-like imported tariff lines of Pakistan's exports are faced with MFN applied tariffs. This could be utilized under the EPAs. In section 4.2, 'Assessment and discussion' for both the TLT institutional effects and the tariff performance indicators, and information on the EU preferences under the EBA, GSP, and SAP schemes are provided with a view to establishing the policy options regarding the latter. Analysis and details are provided to confirm the indications. In section 4.3, authoritative conclusions are provided.

Non-Tariff Barriers in Pakistan-EU Trade

Non-tariff Barriers (NTBs) in Pakistan's Trade with the European Union and Their Implications: Though NTBs are by definition supposedly non-discriminatory, disproportionately affecting developing economies including Pakistan, they are less transparent than conventional tariffs. This paper attempts to provide a detailed account of varied NTBs that have affected trade between Pakistan and the EU (Noureen, 2024).

Non-tariff Barriers (NTBs) encompass a wide array of intricate and multifaceted rules and regulations that govern and significantly

influence the movement of goods across international borders. This definition notably excludes the traditional customs duties or levies that are typically imposed on imported merchandise. Within the complex and intricate context of international trade, this term broadly signifies a nation's comprehensive and extensive set of internal regulatory policies that tend to significantly distort, restrict, or inhibit its overall export capabilities. Notably differentiating between conventional tariffs and non-tariff barriers reveals that the latter can remarkably and more insidiously obstruct access to the lucrative markets of highly developed nations for the vast majority of exports that originate from developing countries around the globe. This systemic, deeply entrenched, and ingrained discrimination against south-south trade persists largely unchecked, allowing developed nations to continue to pay mere lip service to the established non-discriminatory trade principles and commitments that have been laid out in various discussions and negotiations fostered by the World Trade Organization (WTO) over the years.

Unlike the traditional tariffs, which are typically more overt, explicit, and easily identifiable, NTBs often operate in much subtler and less visible manners, functioning behind the scenes and without clear markers or indicators to signify their presence in international trading activities. A contemporary and widely accepted definition outlined in the comprehensive frameworks of the WTO's Agreement on Technical Barriers to Trade (TBT), along with the WTO's Agreement on Sanitary and Phytosanitary Measures (SPS), characterizes non-tariff barriers as a varied and diverse range of restrictions that countries strategically and deliberately employ to intentionally limit imports in a significant manner. (Dhingra et al., 2023) Such restrictions may include, but are certainly not limited to, various types of quotas, embargoes, local purchasing policies, and the provision of domestic subsidies that confer significant competitive advantages to local producers, thereby placing foreign competition at a considerable disadvantage in the marketplace. The increased emphasis on non-trade concerns within the European Union further complicates this already complex scenario of international trade, as these concerns resonate powerfully and profoundly throughout the export dynamics of developing nations, including, notably, Pakistan.

In many instances, these restrictive policies are deeply rooted in complex and elaborate regulatory standards that pose considerable challenges, particularly in terms of difficulty and expense, especially concerning products that regrettably possess low added value and therefore must face adverse effects in both local and international markets. To illustrate the continuous and relentless attempts conducted by the most developed economies to thwart the export interests of Pakistan, a diverse and illustrative range of specific examples is meticulously documented and analyzed in depth. (Ur Rehman, 2023) These examples precisely pinpoint how multinational corporations cleverly leverage stringent rules and regulations to obstruct exports while simultaneously prioritizing the interests of their own domestic industries to the significant detriment of others engaged in international trade efforts.

Beyond these broad and sweeping measures, there are specific instances in which prominent manufacturers or their allied and powerful cartels have imposed selectively crafted regulations that effectively function as non-tariff barriers specifically targeted at exporters coming from developing countries, including the significant case of Pakistan. In terms of sectors impacted, noteworthy and significant examples are drawn specifically from Pakistan's dynamic textiles, leather, sports goods, and fisheries industries, which play a critical role in the national economy (Ur-Rashid & Khan, 2024). To further complicate the realization of the long-sought market access for Pakistani exports, potential future scenarios affecting manufacturing output are being closely monitored, thoroughly assessed, and carefully analyzed with diligence and care by industry experts. This meticulous analysis is constructed to delineate essential criteria for the forthcoming development of a coherent, organized, and strategic trade strategy and negotiation framework that robustly addresses the multitude of pressing issues and challenges faced by exporters.

This paper meticulously examines Pakistan's trading relationship with the European Union (EU) and delves deeply into the intricate and complex role that non-tariff barriers have played over the years in influencing and reshaping trade patterns between the two parties. It comprehensively acknowledges that such barriers have consistently been an intrinsic and unavoidable aspect of this trade relationship since the late 1990s. (Leonardi and Meschi 2024)

Moreover, the paper critically assesses the ongoing endeavors and initiatives undertaken by the Pakistani government and various industry stakeholders to effectively mitigate these substantial barriers and challenges, hoping to pave the way for enhanced trade relations and sustainable economic growth.

Since the pivotal and significant year of 2001, these proactive and concerted efforts have been on an upward trajectory; however, numerous critical and complex challenges remain unresolved and continue to demand urgent and conscientious attention as part of trade relations moving forward into the future. This circumstance emphasizes the need for ongoing dialogue and collaboration among stakeholders to foster a more equitable trading environment conducive to mutual growth and prosperity. The interplay between these barriers, the policies implemented in response, and the continual need for adaptation is critical for understanding the ongoing evolution of trade dynamics and international economic relationships as we advance together into an uncertain but potential-rich future. (Ayoki, 2008)

Several categories of non-tariff barriers that have uniquely affected Pakistan's exports to the EU are examined. These include the use of "trade defense instruments" by the EU, sanitary and phytosanitary measures, as well as technical barriers to trade (e.g. labeling requirements). Additionally, the ambiguous relationship between tariffs and NTBs is explored, providing detailed account of accession commitments made by Pakistan to the WTO and detailing various ways in which the EU has complicated matters for Pakistan, particularly in the textiles and fisheries sectors. The paper is organized as follows. Section 1 provides some general background and sets the stage for the rest of the paper. Section 2 briefly describes the methodology used. Section 3 discusses the different kinds of non-tariff barriers, providing examples based on a variety of sources and methods. Section 4 deals with certain political aspects of NTBs, highlighting the way in which the entitlement to block goods under the Agreement on Textiles and Clothing has generated substantial tensions. Section 5 highlights the imperative need to deal efficiently with NTBs. Finally, Section 6 presents the conclusions and finds that solutions are far from straightforward, as the strategic use of NTBs is deeply embedded within the EU.

Impact of Trade Relations on Economic Development

Trade is an essential component of the national economic development framework of a country. It is considered a vital source of economic growth as it increases Gross Domestic Product (GDP) and reduces poverty, which leads to an improved socio-economic living standard of the people. It is expected that this research study will provide the broader impacts of trade ties with the European Union (EU) on the economic development of Pakistan. Since the trade agreements of Pakistan with the EU, trade and economic cooperation has been enhanced significantly. (Shah et al.2022) The EU is the largest trading partner of Pakistan, absorbing one-fifth of its total exports followed by China. Pakistan mainly exports textile and clothing, leather and agriculture products to EU member nations.

Trade benefits economic growth by contributing to both productivity growth and increased capacity utilization. The textile and clothing sector has a significant share in the GDP of Pakistan. It is expected that the trade relationship will help to enhance its productivity, which in return can raise the productivity growth rate. Trade is an important source for creating employment opportunities. There are different sectors in which Pakistan is specialized, while some are yet to be developed. Economists expect that the trade relationship with EU members will be beneficial as it will generate large scale employment in different sectors of the economy. Socio-economic benefits can be achieved by getting access to the markets of major trading partners. (Mehtar, 2022) The relationship helped to develop the importance of the agriculture sector, which is observed from the text that the introduction of trade relations has significantly increased trade in this sector. Other sectors have also benefitted with the help of an increase in the tariff rate. The adoption of the EU drug plan and the Least Developed Country (LDC) Initiative are other measures which can enhance benefits. It is known that benefits are only achieved if the countries are able to take advantage of these opportunities. It is recommended that broad-based measures should be undertaken to get the full benefit of the relationship (Mehmood WAGAN, 2015).

Although benefits are found, there are many challenges and limitations which should be taken into account. The reliance on

only one trading bloc can reduce the efficiency of the economy. The European community (now EU) is the only trading bloc of Pakistan, which may expose it to shock, due to fluctuations in the market. Other challenges include the increase in the use of non-tariff measures, which are restrictive in nature, and the appreciation of the rupee. Export processing zones have been established before starting the trade relationship with the EU members. Different policies have been adopted in the European country to make use of the relationship benefits in a profitable way. These are broad measures, comprising both trade and investment issues. Other policies have been taken to make use of the relationship benefits, for example by increasing education on trade issues, focusing more on the agriculture sector, briefing the textile trade, and other measures.

There is a close interlink between trade and investment flows. Traditional theories of international trade do not properly explain the interplay between trade and investment. The EU investment mainly focuses on the energy sector and transport. The EU investment is beneficial, as it is involved in textiles, food processing, filters, etc., which have less pollution. That is why the investment of the EU is beneficial for Pakistan and it increases economic growth. Actually, this looks at the trade in the overall environment and tries to link it with economic growth.

Case Studies of Specific Industries

The EU is Pakistan's main trading partner, accounting for more than one-fifth of the country's global trade. Trade policies emphasize collaborative advantages between nations through bilateral and regional trade agreements. Goods traded between Lahore, Pakistan and London, United Kingdom are perceived as the merchandise segment. In addition, the focus of the research is to provide a comprehensive overview of the distinctive tariffs, non-tariff barriers, trade agreements, bargaining positions, and trade relations between Pakistan and the EU. The study is comprised of two empirical investigations. The first is an overview on the distinctive import/export shipments between the selected two Origins/Destinations. In the second stage, a descriptive data analysis is provided. Conceptual analysis of the instrument of the study is provided in Section II. In Section III, analytical parts are presented as two sub-sections, which are in the same line of the

objectives of the analysis. The estimates and discussions of the results are presented in Section IV. In Section V, there are some suggestions and policies given for the concerned trade agreement signatory to modernize the trade agreements.

Challenges and Opportunities for Pakistan-EU Trade Relations

After the signing of the first trade agreement between the two sides, bilateral trade between Pakistan and the European Economic Community (EEC) member states increased rapidly. However, this trade agreement did not produce the expected results because Pakistani products could not fully exploit the duty-free market opportunity available to them. The same applies to the trade agreement between Pakistan and the European Community (EC), in particular the Lomé III and IV conventions (Ali et al., 2022). Pakistan imports many products from EU countries, while the country's exports to these countries are limited. Therefore, the purpose of this article is to identify the critical barriers to trade on the part of Pakistan, the EU, and both sides. With this in mind, attempts will be made to outline the broader framework by examining the political, ethical, and logistical factors that appear to be significant, and to suggest possible measures to address these problems so as to make the trade agreements between Pakistan and the EU more effective. The challenges and potential will be reviewed, and suggestions will be made on how these barriers can be addressed to increase bilateral trade far beyond their current level.

Opportunities for significant collaboration and cooperation between the two sides will also be identified, and ways to optimize these opportunities will be recommended so that both parties can maximize the benefits of their trade agreements (Mudassir Ahmad et al., 2018). It is important for Pakistan to seize the opportunities discussed earlier if it wants to make full use of the existing trade agreements. In this context, Pakistan's trade agreement with the EU contains more significant information about the structural non-tariff barriers. According to (Vaqar & Ghulam, 2011), these trade barriers appear to affect shipments of different products, and on this basis, most of the products exported from Pakistan are subject to non-tariff barriers. Therefore, Pakistan must address the issue of non-tariff barriers in order to fully benefit from its trade agreement with the EU.

Comparative Analysis with Other Trading Partners

To gain a more comprehensive understanding of the potential impact that the EU-Pakistan Trade Agreement may have on Pakistan's overall economy, it would be beneficial to present a series of comparative figures that highlight Pakistan's trade dynamics with various trading partners. Specifically, this analysis would include examining the total imports and exports, as well as the percentage of these imports sourced from the EU and the exports directed towards the EU. This data can then be contrasted with similar figures from a few other significant trading partners, such as the United States, Japan, the Gulf States, and China. (Mufti & Ali, 2024) By analyzing these figures thoroughly, one can assess the relative importance of the EU within the context of Pakistan's trade framework, and subsequently evaluate the potential benefits brought about by the Economic Partnership Agreement (EPA). This will be the central focus of the present section.

In order to initiate this type of analytical exercise, it is crucial to conduct a detailed survey of the country's trade activities with its major trading partners. This entails identifying which partners play an essential role in driving Pakistan's export earnings and understanding the significance of technology-related goods in their trading equations, among other critical factors. Another important indicator to consider could be the number of anti-dumping investigations that Pakistan faces, as these investigations may encompass a range of trade-related concerns that can impact the economy.

The data collected reveal some intriguing features regarding Pakistan's trade relationships with its major trading partners: the significance of the EU is evident, as this region continues to serve as the primary source of Pakistan's imports and exports. While it is noted that the value of exports directed towards the USA has experienced a slight decline in recent times, the EU remains the foremost importer of goods from Pakistan. (Parvez et al.2024) This situation highlights a concerning aspect regarding the level of Pakistan's exports; unless the price influence exerted by the dominant buyer, which in this case is the EU, is offset by corresponding price increases from other importers, the concentration of exports could foster a negative export impact as a

result of this integration process. Thus, carefully scrutinizing these aspects offers essential insights into how the EU-Pakistan Trade Agreement might reshape the economic landscape of Pakistan in the near future.

Future Prospects and Recommendations

This study uses the latest data and econometric methodology, particularly the augmented gravity model. Hence, the findings are up-to-date and shed some light on evolving trends in Pakistan-EU trade. As such, the study informs policymakers to take appropriate action based on actual circumstances. Pakistan's trade with the EU encompasses tariff and non-tariff measures. In terms of tariff measures, it was found that the EU has a policy of favouring trade with Pakistan giving Generalized Scheme of Preferences Plus status. The EU has unilaterally granted concessions on tariff lines to Pakistan, giving preferential treatment. However, these concessions were eroded over time, and Pakistan was not able to export to the EU as expected. In short, the EU side has not fully granted what it promised under the duty-free and quota-free market access approach (Kamal, 2016).

Trade was hindered by various NTMs such as SPS measures, TBT, import licensing, pre-shipment inspection, anti-dumping duties, subsidies, and countervailing measures under the WTO. They found that if Pakistan were to overcome the non-fulfilment of hygiene and phyto-sanitary conditions, it could increase exports to the EU. In addition to export-related measures, the EU should also focus on facilitating exports and removing the export ban. Pakistan can gain increased market access by improving GPT, hygiene, and phyto-sanitary standards. However, it is very difficult to effectively fight inflation and influence the exchange rate policy. The empirical values of these variables are not constant over time and are difficult to determine. It is recommended that Pakistan should be more strategic in its relations with the EU, focusing on both positive and negative lists. Moreover, Pakistani exporters should (continue to) diversify their export markets. As a consequence of preferences erosion, exports to the EU would be harmed and additional funds would be needed to compensate for the deterioration of exports (Vaqar & Ghulam, 2011).

In sum, it is vital to ensure stability in the disease free status of animals, and animal products such as meat, hides, and skins.

Continuous vet-checks are essential to combat foot and mouth diseases, and rinderpest in Pakistan. Implementing a health certification system, with special emphasis on temporary bans, is essential in this context. Efforts should be directed towards empowerment by enhancing public awareness about the dangers of diseases in order to formulate appropriate policies to prevent such diseases from spreading. In view of the joint vision paper, both government institutions and market players need to take more care in ensuring a safe agricultural commodity environment, developing export potential and coordinated efforts with relevant state institutions, and ensuring compliance with European standards. Home and the development of coordinated and effective strategies are vital for fostering relations and achieving lasting overall benefits in the long run.

Conclusion

In conclusion, Pakistan's trade relations with the European Union (EU) have undergone significant transformations over the years, shaped by a series of trade agreements, tariff adjustments, and evolving non-tariff barriers. While the EU remains Pakistan's largest trading partner, absorbing a substantial portion of its exports, various structural challenges continue to hinder the full realization of trade potential. The trade agreements between Pakistan and the EU, including the Generalized Scheme of Preferences Plus (GSP+), have facilitated market access for Pakistani goods, particularly in the textile and agricultural sectors. However, the imposition of non-tariff barriers such as stringent sanitary and phytosanitary standards, technical regulations, and compliance requirements often offsets these benefits. The fluctuating nature of tariffs, coupled with restrictive trade defense mechanisms employed by the EU, has added complexity to trade dynamics, necessitating strategic policymaking on Pakistan's part to maximize gains and mitigate adverse impacts.

Looking ahead, Pakistan must adopt a multi-pronged approach to strengthen its trade relations with the EU while diversifying its export markets to reduce dependency on a single trade bloc. Addressing non-tariff barriers through improved compliance with EU standards, enhancing production capabilities, and fostering export-oriented industrial policies will be crucial for sustained growth. Additionally, diplomatic efforts should focus on

negotiating more favorable trade terms, leveraging regional trade alliances, and ensuring the continuity of preferential access under the GSP+ framework. At the same time, internal economic reforms, including infrastructure development, investment in technology, and policy consistency, will play a vital role in making Pakistani exports more competitive in the EU market. By aligning trade strategies with global economic trends, Pakistan can enhance its economic resilience and create a more sustainable and mutually beneficial trade relationship with the European Union.

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