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Trade Opportunities for Pakistan in Russia

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List of Abbreviations

Abbreviation	Description
GDP	Gross Domestic Product
IMF	International Monetary Fund
ECI	Economic Complexity Index
RCA	Revealed comparative advantage
HS	Harmonized System
CAGR	Compound Annual Growth Rate
Rs	Rupees
KG	Kilograms
TIR	Transports Internationaux Routiers
MFN	Most Favored Nation
US	United States
USA	United States of America
NSTC	Northern and Southern Transport Corridor

Executive Summary

Bilateral trade between Pakistan and Russia was worth $758 Million in 2020. It consisted mainly of Russia's imports from Pakistan at $145 Million. The bulk of Russia's imports from Pakistan consisted of Edible Fruits (HS 08), instruments and appliances used in medical (HS 90), articles of apparel (HS 62 and 61), Edible vegetables and salt. Russia's exports to Pakistan of $613 Million consisted of wheat and meslin, Edible vegetables, Iron and steel, Inorganic Chemicals and Machinery. Bilateral trade between Russia and Pakistan has a huge trade potential which need to be explored, as exports to Russia only makes 0.65% of Pakistan's total exports, which is quite low as Russia is the largest country in the region and has an import of $232 billion.

This study was conducted on four potential products for export which could approximately generate $ 45 Million. It was found the average household's weekly spending for food products was $ 100. Based on this and other factors it was concluded that export of agricultural products i.e. Banana and Onions could generate approximately $ 21 Million. Similarly the Russia is the coldest country in the world, so it has a huge potential for bed linen and footwear. Looking at this and other factors it was observed that Pakistan used to export to Russia, but over the span of 5 years the same have been captured by China, due to low shipping cost and some Non-Tariff measures. Moreover, Pakistan's economy can benefit by importing aluminum and scrap of iron and steel from Russia at lower prices as compared to current imports.

The hurdles and obstacles regarding exports and imports of items from Russia has also been highlighted which mainly includes the transport cost, either by sea or land. This research emphasizes on Pakistan's export capacity and demand of Russian products in Pakistan. Currently, these sectors are unexplored for trade amongst Russia and Pakistan.

Chapter 1 Introduction

Russia is the largest country in the world in terms of area. It covers more than one-eighth the area of land of the earth. It is also the ninth most populous country in the world. The population in 2021 is around 146 million. Russia is largest oil and gas producer. It is also a permanent member of the United Nations Security Council and one of the five approved nuclear powers.

Russia is a huge market for some of the products Pakistan produces. There is a major opportunity for Pakistani exports for fruits and prepared products, non-knitted cotton, women's trousers and shorts, men and boys pants and shorts made of cotton, non-knitted, Apparatus and furnishings used in medicine or veterinary medicine, not elsewhere classified and other Portland cements.

On the imports side the major items that can be imported by Pakistan from Russia, include Mineral fuels, Iron and Steel, Residues and waste from the food industries, Fertilizers and Pharmaceutical products.

Despite being a huge trade potential for Pakistan in Russia, there are numerous hindrances that does not make easy for Pakistan to realize this potential. The major problem between both the countries is of distance. The distance between Russia and Pakistan by Sea is approximately 9,335 Km, which takes 35 to 40 days for a consignment to travel from Pakistan port to Russia. However the recent establishment of North South Transport Corridor, it have become easy for Pakistan to ship things to Russia, as the distance by road is around 4,000 Km and it takes on 12 to 15 days for a consignment to reach Russia (www.Rome2rio.com,2021)

The main objectives of this study are to analyze the current trade with Russia. This includes studying export trends and import trends of the products that are being exported and imported from Russia, identifying the export capacity of Pakistan products for product line expansion. Secondly to identify new trade avenues in Russia for the Pakistani grower, exporter and industrialists, and lastly to identify products which can be imported from Russia at a cheaper rate.

Chapter 2 Country Trade Profile

Russia is fairly open to foreign trade, which accounts for country's 51.5% of GDP (World Bank, 2019), despite strict trade regulations and policies. Russia is a member of World Trade Organization (2012), Eurasian Customs Union and also a member of Commonwealth of Independent States granting it free trade area. The Eurasian Customs Union has signed an agreement with Vietnam and is negotiating free trade agreements with Iran, India, Egypt, Singapore and Serbia. However, Russia and Ukraine have abolished mutual trade preferences amid territorial conflicts. Since the conflict in Ukraine (2014) and the economic sanctions imposed by Western countries (2014), the Kremlin has imposed an embargo on European and American agricultural products and has reconfigured its trade relations (Trade, 2020).

Russia is the 14th largest exporter and 21st largest importer of goods in the world (WTO, 2019). It mainly exports hydrocarbons (more than 50% of total exports), solid fuels, wheat and meslin, iron and steel, precious metals, precious stones and wood. It mainly imports machinery, pharmaceuticals, electronics, electrical products, vehicles and plastics. In 2020, due to the COVID-19 pandemic, the volume of export goods and services dropped by -8.8% compared to 2019, while the volume of imports decreased by -12.6% (IMF). According to IMF forecast, exports of Russia should rebound in 2021 (1.5%) and 2022 (2.7%), but slower than imports which are expected to increase by 4.3% in 2021 and 3.5% in 2022.

Russia's major export destinations are China (13.4%), the Netherlands (10.5%), Germany (6.6%), Belarus (5.1%) and Turkey (5%). Its main suppliers are China (21.9%), Germany (10.2%), Belarus (5.5%), the United States (5.4%) and Italy (4.4%).

2.1 Russia's Economic Indicators

Table 1 shows the economic indicators of the Russia for the year 2019 and 2020. It can be observe that due to pandemic GDP growth of Russia and decreased by 2.9% as compared to the increase in 2019. The same have affected the trade balance and there is a reduction of US $ 73.25 Billion in trade surplus for the year ending 2020 as compared to surplus in 2019 (Bank, 2021).

Table 1

Russia's Economic Indicators

	2019	2020
Real GDP	$ 1.687 T	$ 1.483 T
Real GDP Growth	2.033%	(2.951)%
GDP Per Capita (Nominal)	$ 11,497.649	$ 10,126.722
Population	144.4 M	144.1 M
Trade Surplus/ (Deficit)	$ 165.25 B	$ 92 B
		Source: data.worldbank.org

2.2 Russia's Yearly Imports and Exports

In 2019, Russia was the 11th largest economy in the world in terms of GDP (current US$) with exports and imports garnering the position of 14th and 21st largest in the world, respectively. The country is considered as the 45th most complex economy in the world according to the Economic Complexity Index (ECI) (Complexity, 2019).

Table 2

Russia Yearly Imports and Exports from 2016-2020

Foreign Trade Values	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)
Imports of Goods	182,261,656	226,966,395	238,151,375	243,780,553	231,667,985
Exports of Goods	285,491,052	357,083,135	449,347,157	422,777,167	337,105,352
					Source: ITC Trade Map

As per Table 2, Russia's import profile show an upward trend since 2016 but only until 2019 as after that imports fell from US$243 billion in 2019 to US$231 billion in 2020 due to COVID pandemic. However, the export profile also shows a significant dip from US$422 billion in 2019 to US$337 billion in 2020.

2.3 Russia's Export Partners

Table 3 shows Russia's leading five export partners in 2020 i.e. China, the Netherlands, United Kingdom, Germany, and Belarus. The value of total exports from Russia to its major trade partner - China amounted to US$49 billion in 2020. Followed by the Netherlands amounting to US$ 25 billion in 2020 (Greenfield, 2020).

Table 3

Russia Export Partners

Partner	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)
China	28,021,250	38,922,044	56,040,503	56,791,577	49,146,337
Netherlands	29,254,624	35,611,335	43,470,987	44,788,952	24,819,407
United Kingdom	6,996,918	8,746,712	9,769,710	13,272,051	23,158,449
Germany	21,258,481	25,747,379	34,096,334	28,049,481	18,618,931
Belarus	14,050,697	18,424,583	21,819,797	20,544,970	15,979,802
Turkey	13,698,261	18,220,741	21,345,044	21,063,254	15,929,123

Source: ITC Trade Map

2.4 Russia's Import Partners

Table 4 shows Russia's five main import partners in 2020 i.e. China, Germany, the United States, Belarus, and Italy. The value of Russia's imports from its top partner China is US$55 billion in 2020. Followed by imports from Germany worth US$23.4 billion (Melkadze, 2021).

Table 4
Russia Import Partners

Partner	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)
China	38,086,982	48,042,300	52,217,993	54,126,998	54,913,425
Germany	19,450,963	24,228,044	25,510,486	25,111,891	23,383,773
USA	11,065,668	12,663,805	12,682,131	13,436,080	13,213,422
Belarus	9,406,285	11,768,319	12,179,232	12,800,697	12,604,664
Italy	7,845,137	10,108,735	10,590,386	10,906,984	10,207,443

Source: ITC Trade Map

2.5 Russia's Top Exports

Table 5 shows the products that remained on Russia's top exports list from the year 2016 to 2020. Russia's major exports include petroleum and petroleum products as it is the world's third-largest oil producer. Russia's proven oil reserves in 2016 were 80 billion barrels, the 8th largest in the world, accounting for about 4.8% of the world's 1.65 trillion barrels of oil reserves. Russia produces around 11.25 million barrels of oil per day and it exports around 40 to 45% of its oil (worldometer, 2016).

Table 5

Russia Top Exports

HS Code	Description	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)
270900	Petroleum oils and oils obtained from bituminous	73,676,262	93,306,412	129,049,146	121,443,990	72,564,294
999999	Commodities not elsewhere specified	45,239,262	52,887,528	63,746,027	55,265,424	39,315,738
271019	Medium oils and preparations, of petroleum	35,192,532	45,335,013	61,357,826	52,726,494	35,405,155
710812	Gold, incl. gold plated with platinum,	907,369	2,358,865	696,996	5,740,438	18,535,922
270112	Bituminous coal, whether or not	8,054,092	11,898,508	14,606,792	13,616,669	10,743,061
271012	Light oils and preparations, of petroleum	10,759,136	12,909,371	16,750,754	14,160,911	9,954,896

Source: ITC Trade Map

2.6 Russia Top Imports

The 100 most valuable consumer goods imported to Russia in 2020 raised a total of US$ 105.3 billion in international purchases. This consumer-centric dollar amount represents 45.5% of the total value of all goods imported into Russia. The total cost of transcontinental countries for imported goods was approximately US$231.7 billion. The most valuable consumer goods imported into Russia in 2020 include telephones and smartphones; auto parts and accessories; computer; and cars etc. The overall global demand for imported consumer goods fell by 8.2% from 2019 to 2020. Whereas, the decline in Russia was only by 5%. (Carlton, 2020)

Table 6

Russia Top Imports

HS Code	Description	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)
999999	Commodities not elsewhere specified	6,581,104	8,014,821	7,053,690	6,153,790	9,074,291
851712	Telephones for cellular networks	4,068,732	5,312,835	6,292,457	5,848,128	5,873,826
300490	Medicaments consisting of mixed or unmixed	5,161,127	6,286,657	5,954,256	7,610,252	5,495,105
847130	Data-processing machines, automatic	1,634,334	1,857,607	2,208,032	1,992,917	2,512,263
851762	Machines for reception	1,135,517	1,437,891	1,597,161	1,737,558	2,182,477
870323	Motor cars and Vehicle	2,230,445	2,416,823	2,709,405	3,129,962	1,873,246
Source: ITC Trade Map						

Chapter 3 Bilateral Trade between Russia and Pakistan

As Table 7 shows, bilateral trade between Russia and Pakistan is not a promising picture for Pakistan as the trade gap tends to widen from 2015 to 2020. The trade deficit in 2015 was US$9.3 million. Pakistan's imports from Russia in 2020 amounted to US$613 million, recording a trade deficit of US$468 million in the financial sector in 2010 from US$223 million in the same period last year. Pakistan's imports from Russia are expected to increase in the future, and research on new export commodities is needed to overcome the growing trade deficit. Important commodities that Pakistan imports from Russia are grains, edible vegetables and some roots

and tubers, mineral fuels, oils, distillate products, rubber, paper and cardboard, cellulose, paper and cardboard products, iron and steel, pharmaceuticals, dried legumes, newsprint and carbon.

Table 7

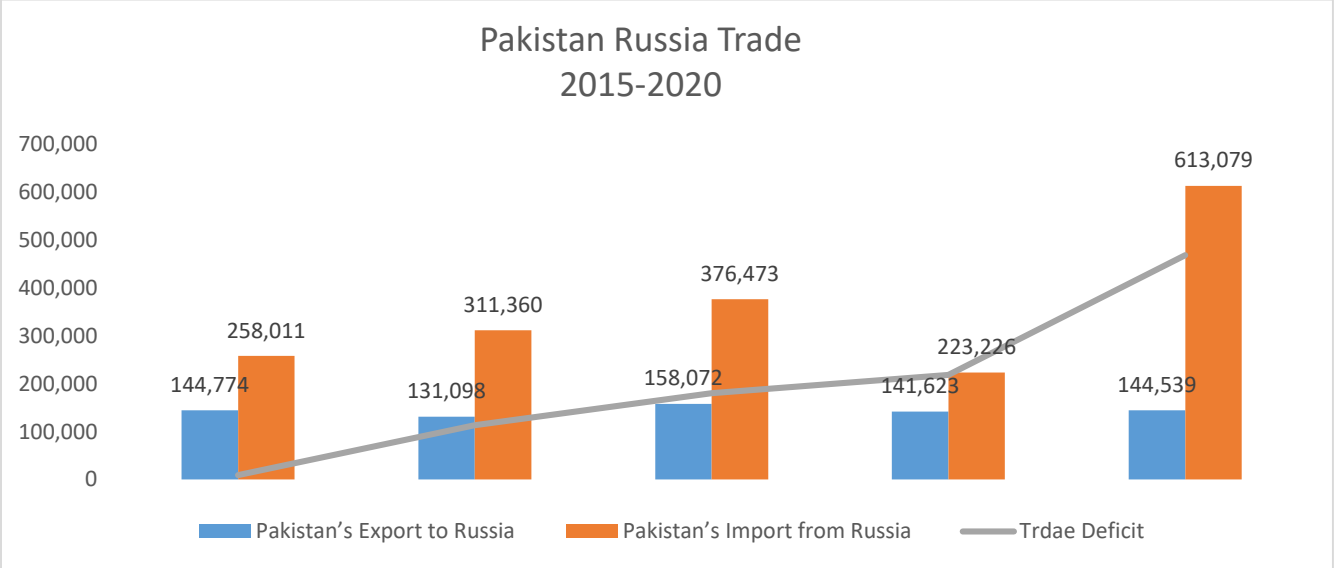
Pakistan Russia Trade (2015-2020)

Description	2015 ($'000)	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)	CAGR
Pakistan's Export	160,925	144,774	131,098	158,072	141,623	144,539	-1.774%
Pakistan's Import	170,241	258,011	311,360	376,473	223,226	613,079	23.811%
Trade Balance	(9,316)	(113,237)	(180,262)	(218,401)	(81,603)	(468,540)	

Source: ITC Trade Map

Figure 1

Pakistan Russia Trade



Source:Table 7

Chapter 4 Potential Export Products

Due to the current export slump, Russia is an important export market with a trade deficit of US$31.1 billion. The two countries must take sectorial steps to expand bilateral trade. Pakistan can export agricultural products, textiles, clothing, rice, leather, sporting goods and surgical equipment to the Russian market.

The products listed below were potentially identified based on three main factors: supply, demand and ease of trade. Taking into account supply and demand factors, we evaluated potential products using the following sub-factors:

Table 8

Supply and Demand factors

Supply Factors	Demand Factors
RCA	Share in Market Demand
Growth of RCA	Growth of Share in Market Demand
Export – Import Ratio	Tariff advantage in the Target Market
Global Tariff Disadvantage	Distance Factor

4.1 HS Code 080390 Fresh or dried bananas (excluding plantains)

Bananas are one of the Pakistan's main fruit crops. It is grown on 34,800 hectares with a yield of 154,800 tons. It is grown mainly in Sindh province, where the soil and climatic conditions are favorable for successful cultivation. The total cultivation rate in Sindh province is 87% (JUNEJO, 2020).

Table 9 shows that banana exports increased by more than US$1 million from 2016 to 2020, which is a considerable growth. However, on the other hand, the demand for the same product in the Russian market has also increased significantly, indicating opportunities for exporting bananas to Russia.

Table 9

HS Code 080390 Fresh or dried bananas (excluding plantains)

Description	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)
Pak export to the World	22,567	16,899	21,605	33,109	23,898
Russia's import from World	999,190	1,140,353	1,154,736	1,119,894	1,116,757
Pak export to the Russia	0	0	0	0	0
Source: ITC Trade Map					

The above product was confirmed as potential as demand in the Russian Federation is increasing at an average annual growth rate of 22.5%, and the production of the same product is recording an average annual growth rate of 11.52%. This means that there is significant export potential for this product from Pakistan to Russia if other factors affecting exports are favorable.

4.1.1 Russia's Major Importing Partners for Banana

Russia import bananas of around US$1 billion each year, which makes it one of the most potential and attractive markets. It imports 97% of Banana from Ecuador at the price of US$ 735/Ton. Table 10 shows the main countries that Russia imports bananas from and the amount of bananas imported by Russia from 2016 to 2020 from respective country.

Table 10

Major 080390 Suppliers

Exporters	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)
Ecuador	980,660	1,095,652	1,108,300	1,082,174	1,072,627
Guatemala	220	4,425	9,187	1,898	14,743
Costa Rica	11,217	14,990	16,172	11,416	12,671
Colombia	308	3,751	8,842	17,226	11,010
Viet Nam	884	2,614	1,686	3,695	4,547
Source: ITC Trade Map					

The aforementioned products were analyzed not only on a CAGR basis, but also on a number of factors, including the ease of transport of the products, the selling price in their respective markets, and tariff and non-tariff barriers.

4.1.2 Case Study

Pakistan's main export, HS Code 080390 - fresh or dried bananas (excluding bananas) is US$232/ton, while Russia imports it from Ecuador at US$470/ton (excluding shipping). Exporting the same amount of HS Code 080390 raw or dried bananas (excluding bananas) to Russia would result in an additional profit of US$238 per ton (excluding shipping costs).

Table 11

Untapped Potential

Partner	Quantity Exported 2020 Tons	Rate USD ($)	Trade Value ($ '000)	Untapped Potential ($ '000)
Afghanistan	90,656	232	21,032	
Russia	90,656	470	42,608	21,576
Source: ITC Trade Map				

However, confirming the above possibility, the cost of transporting HS Code 080390 fresh or dried bananas (excluding bananas) from Pakistan to Russia is about US$900 per ton, while the cost of transporting HS from Ecuador to Russia is only US$265 to US$300 per ton. The MFN tariff in Ecuador is 4% and the maximum bundled tariff is 20%.

4.1.3 Pakistan Local Market Price Analysis

After carrying out a detailed study of Pakistani banana exports to several countries, it was observed that the price of exporting bananas to other countries was significantly lower than the market price available for purchase in the local Pakistani market. Table 12 shows the prices at which bananas are exported to the mentioned countries.

Table 12

Local Market Price Analysis

	Price (US $/ Ton)	Price (PKR/Ton)	Price (PKR/KG)
Afghanistan	232	38,744	38.74
Uzbekistan	235	39,245	39.245
Kazakhstan	264	44,088	44.1
Tajikistan	308	51,436	51.5
			Source: ITC Trade Map

1 US$ = 167Rs 1 Ton = 1,000 Kgs

Based on the table above, we can analyze that banana exports to Afghanistan, Uzbekistan, Kazakhstan and Tajikistan are not very profitable for Pakistan because the price of bananas in the open market is around Rs. 150/dozen (assuming 1 dozen equals to 1KG).

4.1.4 Freight

The biggest obstacle to sending bananas from Pakistan to Russia is the shipping cost. The cost of shipping bananas overland to Russia is about US$950 per ton, which increases the cost of bananas from US$232 per ton to US$1182 per ton, making it much more expensive than exporting from Ecuador. Bananas imported from Ecuador cost around US$735 per ton in Russia. The distance by sea from Ecuador to Russia and from Pakistan to Russia is about 9000 nautical miles. However, the distance by road in Russia and Pakistan is about 4332 km.

4.1.5 TIR Convention

The trade of perishable items with Russia was not favorable for Pakistan and Russia until TIR Convention came into force, as it reduces the transport time due to which perishable items can easily be transported from Pakistan to Russia. Thanks to the TIR agreement, Pakistan was able to send mangoes to Russia by land, and the mangoes arrived at their destination in ideal conditions.

The Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention) was drafted in 1975. It replaces the original Transport Internationaux Routier (TIR) Convention from 1959 and came into force on 20 March 1978.

An international transit operation under the TIR system does not require national customs documents and a national guarantee. Because of the securitisation of the containers, the goods are also not subject to physical inspection. As a consequence the advantages are less delays at border crossings and for the overall transit operation (Guide, 2020).

4.1.6 Findings

Considering the facts and figures above, it can be concluded that the potential US$21 million market is not being exploited. Also, since the demand for bananas in Russia is quite high, exporting this product could be a huge advantage if we focus on increasing banana production in addition to that.

4.2 HS Code 070310 Fresh or chilled onions and shallots

Currently, Russia is one of the top five countries in onion-growing area, but Russia is also the largest importer of onions. The volume of onion consumption is due to the high value of this crop, its chemical composition, taste and medicinal qualities. Bulbs and green leaves of onions, depending on the variety and growing conditions, contain up to 4.5% protein, 4-8% or more carbohydrates, up to 0.60-1.14% mineral salts, a large amount of vitamins (A, B1, B3, C, PP), phytoncides and essential oils. The chemical composition of onions depends on many factors, primarily the variety, environmental conditions and agricultural techniques. Onions, especially sharp varieties, have long been used as a medicine for many diseases. Both in folk and modern scientific medicine, it serves as a means of treating beriberi, various inflammatory processes, infectious diseases; it has a positive effect on the secretory activity of the body. Various drugs are produced from onions, the action of which is based on sufficiently strong bactericidal and fungicidal properties (O N Kukharev, 2021).

In Pakistan Onions are commercially grown on an area of 1314,000 hectares with a production of 1.8 million tons.

The major onion growing districts in Pakistan are as follows in table 13

Table 13
Banana production districts

Punjab	Sindh	KPK	Baluchistan
Kasur	Hyderabad	Swat	Chaghi
Vehari	Sanghar	Dir	Kharan
	Mirpurkhas		

22 districts alone account for more than 77 percent of the total production of onion in Pakistan.

Top eight production districts are as follows

1. Hyderabad 2. Sanghar 3. Mirpurkhas 4. Nawabshah
4. Chagi 5. Kharan 6. Kalat

Table 14 shows that Pakistan's export of Onion have increased to the world by more than 50%, and the import of the same has also increase in Russia, but Pakistan does not have any share in Russia's Onion import, although the demand for Onions have increase suitably.

Table 14

070310 Fresh or chilled onions and shallots

Description	**2016 ($ '000)**	**2017 ($ '000)**	**2018 ($ '000)**	**2019 ($ '000)**	**2020 ($ '000)**	**CAGR**
Pakistan's export to the World	13,105	11,911	48,917	67,479	124,029	56.75%
Russia's import from World	56,111	132,060	56,916	78,595	86,022	8.92%
Pakistan's export to the Russia	0	0	0	0	0	
Source: ITC Trade Map						

The above product was confirmed as potential as demand in the Russian Federation is growing at an average annual growth rate of 8.92%, and the production of the same product is recording an average annual growth rate of 56.75%. This means that there is significant export potential for this product from Pakistan to Russia if other factors affecting exports are favorable.

The aforementioned products were analyzed not only on a CAGR basis, but also on a number of factors, including the ease of transport of the products, the selling price in their respective markets, and tariff and non-tariff barriers.

4.2.1 Untapped Potential

Table 15 shows that Pakistan could generate about US $4 million if it exports 15,199 tons of fresh or chilled onions and shallots to Russia at US $650/ton, which Pakistan currently exports to Sri Lanka at only $378. Russia imports the same from the Netherlands at a price of US $936 per ton.

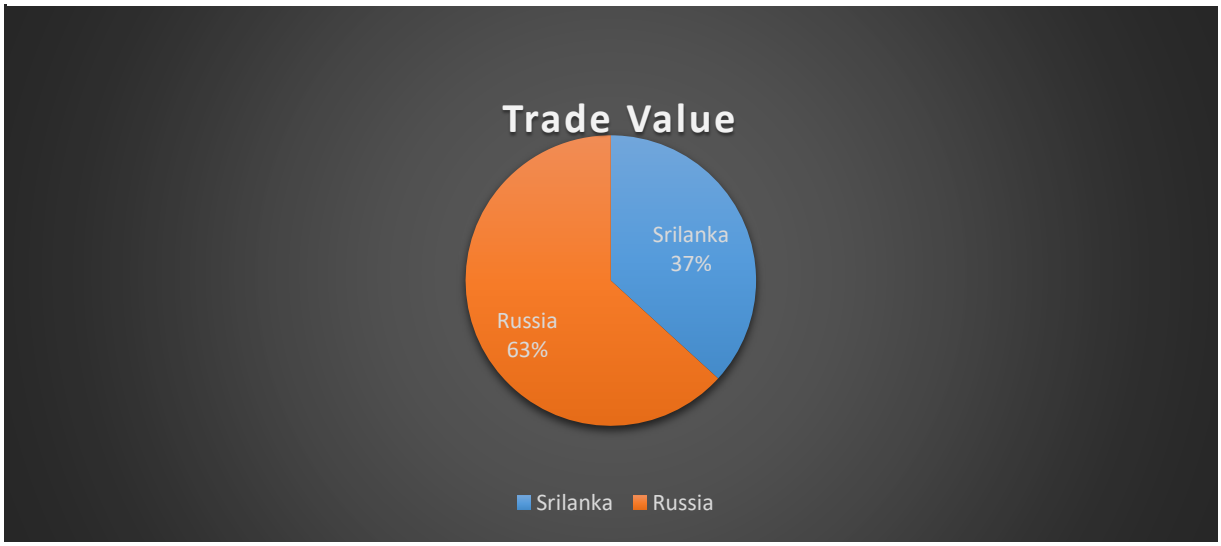
Table 15

Onion's Untapped Potential

Partner	Quantity Exported 2020 Tons	Rate $	Trade Value ($ '000)	Untapped Potential ($ '000)
Srilanka	15,199	378	5,745	
Russia	15,199	650	9,879	4,134
				Source: ITC Trade Map

Figure 2

Untapped Potential (Onions)



Source: Table 15

4.2.2 Freight

However, after identifying the above potential it was identified that the cost of transporting the Fresh or chilled onions and shallots from Pakistan to Russia is approximately US $ 500/ton, whereas the cost of same from Egypt to Russia is only US $ 265-300/ton. MFN for 070310 Fresh or chilled onions and shallots is 7%.

4.2.3 Findings

Based on the facts and figures above, we can conclude that a potential market of approximately US $4 million is untapped. Also, Russia has a fairly high demand for onions, so if you focus on increasing onion production, it will be more advantageous to export this product.

4.3 HS Code 630222 - Printed bedlinen of man-made fibres (excluding knitted or crocheted)

Pakistan is the 8th largest textile exporter in Asia. It is the fourth largest cotton producer and the third largest cotton consumer. It accounts for 46% of the total manufacturing sector and provides employment to 40% of the total workforce. 5% of all textile companies are listed on the stock exchange. There are 423 textile manufacturers across the country. Pakistan has a supply base for almost all artificial and natural yarns and fabrics, including cotton and rayon. This abundance of raw materials is a huge advantage for Pakistan as it has a positive impact on costs and lead times (Investment, 2020).

Export value of commodity group 6302 "Bed linen, table linen, toilet and kitchen linen". Total $3.25 billion in Pakistan in 2020. Sales of item 6302 in Pakistan increased 0.183% year-over-year, with exports of bed linen, table sheets, toilet sheets and tea towels in item 6302. Increase of USD 5.95 million (Total export value of commodity group 6302 in Pakistan in 2019 reached USD 3.25 billion).

Exports of commodity group 6302 "Bed linen, table linen, toilet linen and kitchen linen." amounted to 14.6% of total exports from Pakistan (cumulative merchandise exports from Pakistan totaled $ 22 billion in 2020). The share of commodity group 6302 in total exports from Pakistan increased by 0.957% compared to 2019 (it was 13.6% in 2019 and cumulative exports from Pakistan were equal to $ 23 billion) (TrendEconomy, 2020).

Table 16 shows that while exports of printed bedding increased to $20 million over the past five years, exports of the same bedding to Russia declined over the past five years. It is also clear that imports from China to Russia increased by almost 11%, which clearly indicates the growing demand for the product in the Russian market.

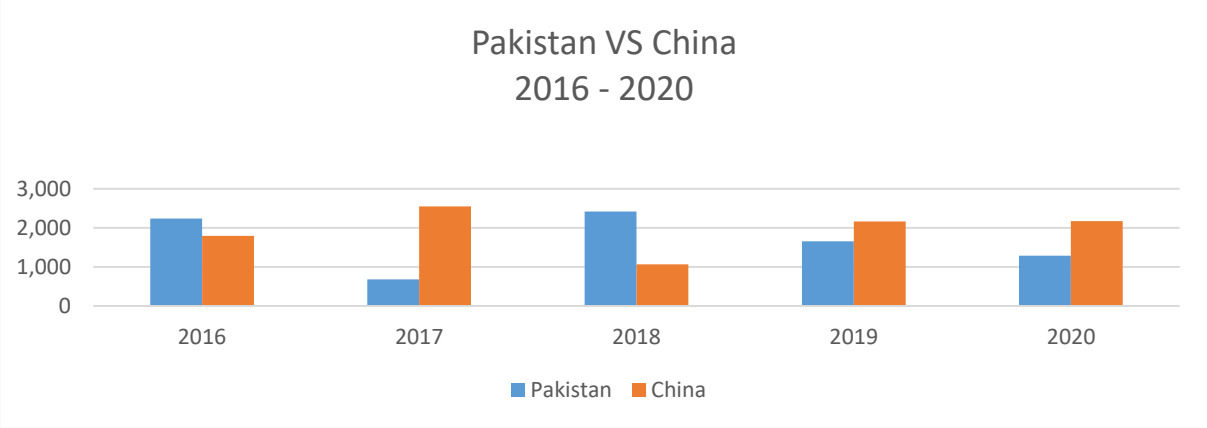
Table 16

HS Code 630222 - Printed bedlinen of man-made fibres

Description	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)
Pak export to the World	2,723	2,801	3,509	12,752	20,425
Russia's import from World	4,526	4,134	4,764	5,030	4,190
Pak export to the Russia	2,235	678n5	2,422	1,660	1,287
Pak Share	49.3%	16.4%	50.8%	33%	30.7%
China's export to Russia	1,797	2,553	1,063	2,166	2,175
China's Share	39.7%	61.7%	22.4%	43%	51%
Source: ITC Trade Map					

Figure 3

Pakistan VS China



Source: Table 116

4.3.1 Price

The price of HS Code 630222 artificial fiber printed bedding (excluding knitting or knitting) imported from Pakistan by Russia is about US$6,600 per ton, while Russia is purchasing the same product from China at US$10,610 per ton.

4.3.2 Freight

The cost of shipping bed linen from China to Pakistan is about US $ 18,200 per ton, while the cost of shipping bed linen from Pakistan to Russia is about US $ 5,800 per ton. (According to Pakistan Post). However, 2Cubes Cargo offers the same rate of around US$2,000 per ton.

4.3.3 Findings

By analyzing the above facts and figures we can observe the over the time the exports of said products have been declined over the time, which need to be enquired and identified as due to this Pakistan is losing approximately US $ 1 Million.

4.4 HS Code 640399 Footwear with outer soles of rubber, plastics or composition leather.

Footwear accounts for less than 1% of Pakistan's world exports. Pakistan is the 7th largest footwear producer, producing more than 2.0% of all footwear produced in the world, despite its low contribution to the international footwear market. It is also the 7th largest consumer of footwear in the world, accounting for 2.2% of global consumption. Pakistan exported $92.6 million in footwear in 2010 and $135.3 million in 2019, an increase of 45.9%. However, this figure is still insignificant compared to Pakistan's total exports of $23.8 billion. Pakistan's footwear exports mainly consist of leather shoes, accounting for 84.2% of Pakistan's footwear exports. Rubber and plastic footwear was the second largest export category ((PBC), 2021).

Table 17

HS Code 640399 Footwear with outer soles of rubber

Description	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)
Pakistan's export to the World	69,018	69,098	78,621	87,765	79,423
Russia's import from World	588,850	774,268	885,965	885,950	749,918
Pakistan's export to the Russia	5,430	6,866	6,376	6,791	6,223
Pakistan's Share	0.92%	0.886%	0.72%	0.766%	0.829%
Source: ITC Trade Map					

From the above facts and figures it is clearly depicted that Pakistan's share in Russia's import for the said product is quite negligible, where there is a large room for increasing exports to the Russia for said product.

4.4.1 Price

The said product is being imported by Russia from Italy at around US $ 119,000/Ton, whereas the same products is exported by Pakistan at a maximum price of around US $ 54,000/Ton, which is approximately 50% of the price that Russia is getting from Italy.

4.4.2 Findings

Keeping in view the price Pakistan has a competitive edge to capture the market for the said product which would approximately add US $ 47 Million to the Pakistan's export.

Chapter 5 Potential Import Products

5.1 HS Code 760110 Aluminum, not alloyed, unwrought

The value of imports of commodity group 760110 "Aluminum, not alloyed, unwrought" to Pakistan totaled $ 30 million in 2020. Sales of commodity group 760110 to Pakistan decreased by 12.8% in value terms compared to 2019. Imports of commodity group 760110 "Aluminum, not alloyed, unwrought" decreased by US$4.46 million (the value of imports of commodity group 760110 to Pakistan was equal to US$34 million in 2019) (TrendEconomy, 2020).

Top trading partners (import of "Aluminum, not alloyed, unwrought") of Pakistan in 2020:

- Saudi Arabia
- United Arab Emirates
- Bahrain
- South Africa
- Switzerland
- China
- Malaysia
- Singapore

Table 18

Pakistan's Share Russia Vs World

Description	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)	CAGR
Russia's export to the World	2,941,809	3,009,086	3,319,005	3,147,661	2,898,201	(0.3%)
Pakistan's import from World	60,281	75,084	78,918	34,700	30,189	(12.92%)
Pakistan's import from Russia	0	0	0	0	0	
Source: ITC Trade Map						

Table 18 shows that Russia is one of the Major supplier of the Aluminum, not alloyed, and unwrought, whereas Pakistan imports the said product of around US$30 Million, but it does not trade for the said product with Russia. Pakistan could reduce its import bill if it imports the said product from Russia rather than Saudi Arabia, as price is much lower in Russia.

5.1.1 Pakistan Imports of Aluminum

Table 19 shows that Pakistan import 50% of the Aluminum falling under HS Code 760110 from Saudi Arabia at the rate of US$ 1,875/Ton. Total import value for aluminum imported from Saudi Arabia totaled to US$ 15 Million.

Table 19

Pakistan's Import (760110)

Partner	Quantity	US $/Ton	Trade Value ($ '000)
Saudi Arabia	8,023	1,875	15,042
United Arab Emirates	4,142	1,881	7,793
Bahrain	1,593	2,553	4,067
South Africa	996	1,861	1,854
Source: ITC Trade Map			

5.1.2 Russia Exports of Aluminum

Table 20 shows that Russia export major of its Aluminum falling under HS Code 760110 to Turkey at the rate of US $ 1,539/Ton. In 2020 Russia exported US $ 695 Million of Aluminum to Turkey.

Table 20

Russia Exports (760110)

Partner	Quantity	Rate	Trade Value ($ '000)
Turkey	451,743	1,539	695,059
Netherlands	325,441	1,574	512,391
Japan	182,739	1,506	275,162
Korea, Republic of	143,056	1,559	223,089
			Source: ITC Trade Map

5.1.3 Expected Reduction in Import Bill

Table 10 shows that Pakistan is importing the said item from Saudi Arabia at the rate of US $ 1,875/Ton, whereas the same item is being exported by Russia to Turkey for US $ 1,539/Ton, so it can be concluded that, if the quantity of the said item is purchased from Russia instead of Saudi Arabia, approximately US $ 2.69 Million could be saved.

Table 21

Expected Savings (760110)

Partner	Quantity Imported 2020 Tons	Rate USD	Trade Value ($ '000)	Expected Savings ($ '000)
Saudi Arabia	8,023	1,875	15,042	
Russia	8,023	1,539	12,347	2,695
				Source: ITC Trade Map

5.2 HS Code 720449 - Waste and scrap of iron or steel

Table 22 shows that Pakistan's demand for waste and scrap of iron or steel has grown exponentially over the past five years, but imports from Russia have declined over the same period. This may be due to transport obstacles from Russia to Pakistan.

Table 22

Pakistan Vs World Imports 720449

Description	2016 ($ '000)	2017 ($ '000)	2018 ($ '000)	2019 ($ '000)	2020 ($ '000)	CAGR

Russia's export to the World	936,646	1,123,480	1,411,775	980,019	1,055,031	2.41%
Pakistan's import from World	571,115	867,976	952,834	871,446	898,904	9.5%
Pakistan's import from Russia	12,752	19,093	21,920	5,600	4,377	
Source: ITC Trade Map						

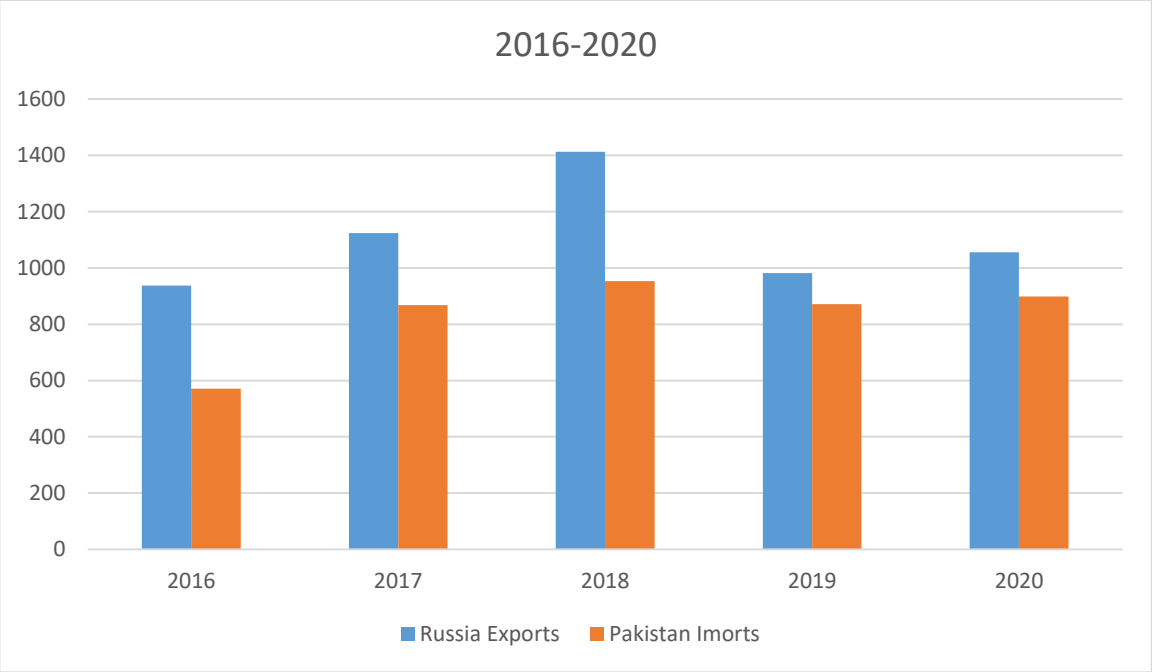


Figure 4 Source: Table 21

720449 Imports and Exports

5.2.1 Pakistan Imports of Waste and Scrap of Iron or Steel

Table 23 shows the top 5 countries from which waste and scrap of iron or steel under HS code 720449 is being imported by Pakistan. The mentioned product is being imported by Pakistan from USA at the rate of US $ 441/Ton and US $ 364 from United Arab Emirates. In 2020 waste and scrap of iron or steel of US $ 209 Million was imported by Pakistan from USA.

Table 23

Pakistan Imports HS Code 720449

Partner	Quantity	US $/Ton	Trade Value ($ '000)
USA	474,037	441	209,229
United Arab Emirates	550,500	364	200,646
United Kingdom	257,839	374	96,514
Hong Kong, China	71,434	408	29,164
			Source: ITC Trade Map

5.2.2 Russia Exports

Table 24 shows that Turkey is the major importing partner of Russia for waste and scrap of Iron or steel. The said product is being imported by Turkey at the rate is US $ 246/Ton.

Table 24

Russia Imports 720449

Partner	Quantity	US $/Ton	Trade Value ($ '000)
Turkey	2,526,255	246	622,632
Belarus	860,390	279	239,767
Korea	596,218	214	127,728
Egypt	153,000	229	35,063
			Source: ITC Trade Map

5.2.3 Expected Reduction in Import Bill

Table 25 shows that Pakistan could save about $92.6 million by exporting the required amount of waste and scrap or steel from Russia rather than the United States. Because there is a significant difference between the rates in the two countries of $195 per ton.

Table 25

Expected Saving 720449

Partner	Quantity Imported 2020 Tons	Rate $	Trade Value ($ '000)	Expected Savings ($ '000)
USA	474,037	441	209,229	
Russia	474,037	246	116,613	92,616
				Source: ITC Trade Map

5.3 HS Code 390410 Poly"vinyl chloride", in primary forms, not mixed with any other substances

Table 26 show that Pakistan's demand for the Poly "vinyl chloride" falling under HS Code 390410 doubled over the last five years, along with this the exports of Russia for the said product has been multiplied around 1.5 times, but there is no bilateral trade between both the countries for the mentioned product.

Table 26

390410 Poly "Vinyl Chloride"

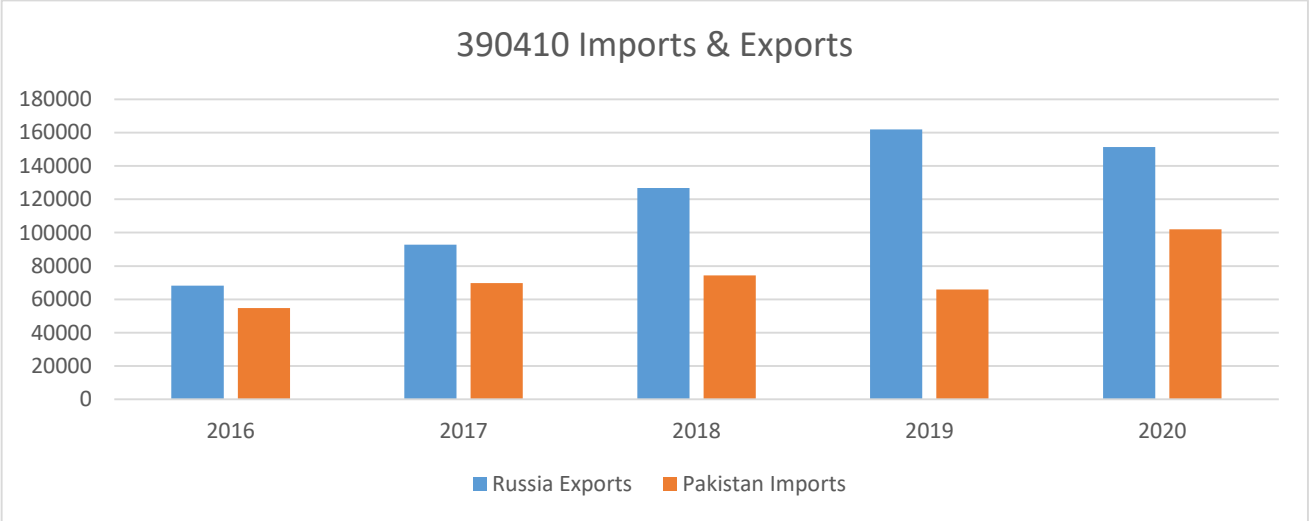


Figure 5

390410 Imports Exports

5.3.1 Pakistan Imports

The 27 shows the top 4 countries and the rate at which Poly "vinyl chloride" falling under HS Code 390410 is being imported by Pakistan. The Poly "vinyl chloride" falling under HS Code 390410 is being imported from USA at the rate of US $ 787/Ton and US $ 809/Ton from Indonesia.

Table 27

390410 Pakistan Imports

Partner	Quantity	US $/Ton	Trade Value ($ '000)
USA	45,184	787	35,574
Indonesia	10,482	809	8,485
Thailand	6,986	1,079	7,538
China	7,411	932	6,909
			Source: ITC Trade Map

5.3.2 Russia Exports

Table 28 shows that Turkey is the major importing partner of Russia for Poly "vinyl chloride" falling under HS Code 390410. The said product is also being imported by India from Russia at the rate is US $ 715/Ton.

Table 28

390410 Russia Exports

Partner	Quantity	US $/Ton	Trade Value ($ '000)
India	63,225	715	45,192
Belarus	38,015	805	30,606
Turkey	22,964	768	17,630
Morocco	14,656	727	10,654
Source: ITC Trade Map			

5.3.3 Expected reduction in Import Bill

Table 29 shows that if Pakistan exports the required quantity of Poly "vinyl chloride" falling under HS Code 390410 from Russia instead of USA it can save approximately US $ 3.26 Million. As there is a considerable difference of US $ 72/ Ton between the rate of both countries.

Table 29

390410 Expected Savings

Partner	Quantity Imported 2020 Tons	Rate $	Trade Value ($ '000)	Expected Savings ($ '000)
USA	45,184	787	35,574	
Russia	45,184	715	32,306	3,268
Source: ITC Trade Map				

Chapter 6 Conclusion & Recommendations

Russia's foreign exchange reserves are the world's fifth-largest. It has a labor force of roughly 70 million people, which is the world's sixth-largest. Russian economy stands at the rank of 11th largest economy for the year ending December 2020.

Russia is a lucrative market for Pakistan specifically for the exports of agricultural products, bed linen and footwear. 10.6% of their total GDP income comprises of the food basket especially fresh fruits and vegetables. The average household's weekly spending for food products ranges from $114.29 in Moscow to $89.27, in a city less than 500,000 citizens. Therefore the diversion of Pakistan's Banana export from Afghanistan to Russia could generate approximately $ 21 Million. Similarly the diversion of Onion's export from Srilanka to Russia could also generate additional revenue of $ 4 Million.

It is only pertinent to initiate trade with Russia based on research of their economy and demand. Pakistan is currently foregoing the opportunity to materialize the potential. Following recommendations are significant for establishing trade in the above discussed sectors of Pakistan.

6.1 Recommendations

As Russia is an importer of about US $231 billion, there can be a wide range of Pakistani products which can be identified and exported to Russia.

- The trade between Russia and Pakistan which currently is channeled through sea can be facilitated by using the newly established Northern and Southern Transport Corridor (NSTC) route which connects both the countries distanced at 4,332 km long.
- Pakistan needs to improve trade relations with Central Asian and Euro Asian countries so as to achieve greater access to Russian market.
- Pakistan should divert its export market for Bananas from Afghanistan to Russia. By doing so Pakistan can add up approximately US $ 21 Million to national exchequer due to difference in pricing, as discussed above.
- Pakistan's major import of Aluminum is source from UAE or KSA, which have higher selling price per ton as compared to rates in Russia. Importing all required quantities from Russia instead of UAE and KSA can save around US $ 92 Million.

- It is identified that a potential market of approximately $4 million for Onions is untapped in Russia. Major focus should be diverted to export of onions to Russia considering the country's high demand.
- Pakistan has a competitive edge in Russia's footwear market as its export can approximately add US $ 47 Million to the Pakistan's trade value.
- If Pakistan imports the required quantities of Aluminum from Russia instead of Saudi Arabia, approximately US $ 2.69 Million can be saved.
- Similarly, Pakistan can save about $92.6 million by importing the required amount of waste and scrap or steel from Russia rather than the United States.
- By diverting the Poly "vinyl chloride" imports from USA to Russia, Pakistan can save approximately US $ 3.26 Million.

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