

## **Sri Lanka – Pakistan Free Trade Agreement**

The Framework Treaty on the Free Trade Agreement (FTA) between Pakistan and Sri Lanka was signed in August 2002. Sri Lankan exports to Pakistan are mainly coconut products, tea, rubber and rubber based products. Imports from Pakistan mainly consist of rice, vegetables, pharmaceuticals, potatoes and textiles and apparel. Trade between Pakistan and Sri Lanka at present is not very significant. This agreement is strategic in the sense it could be a bridge that facilitates trade between Pakistan and India, until SAFTA comes into force in Jan 1, 2006. The agreement was to be finalized by June, 2004. However, this is being delayed by the inability of both parties to come to consensus on trade of several items, rice, onion, and potato from Pakistan and tea from Sri Lanka. Sri Lanka wanted Pakistan to allow at zero rate import of tea, while Islamabad asked for zero rate export of rice, onion and potato to Colombo under the proposed treaty.

### **Trade between Sri Lanka and Pakistan**

Year	As a % of Total Exports	As a % of Total Imports
1998	0.57	1.59
1999	0.68	1.76
2000	0.54	1.15
2001	0.52	1.36
2002	0.61	1.09
2003	0.72	1.09
2004	0.70	1.30