

# **PAK-JAPAN: ECONOMIC AND TRADE RELATIONS DURING THE PERIOD FROM 1991-92 TO 2000-2001**

---

**Dr. Khalida Jamali**

## **ABSTRACT**

*T*his research paper title "Pak-Japan: Economic and Trade Relations" is written with the purpose to examine the position of Pakistan Japan Economic and Trade Relations during the period from 1991-92 to 2000-2001.

This research paper is divided into four sections. The first section is concerned with the introduction the economic relation are explained in the second section. In third section Trade relation are described and finally the conclusion has been drawn in section four.

In this research paper data has been collected through different secondary sources like, Economic Survey of Pakistan Statistical Year Book and various journals etc.

## **INTRODUCTION**

Japan, the land of the rising sun, is probably the most awed and respected country for its economic power and technology in the world. But in spite of its strong economy and immense technical progress it still shrouds in ancient history and rich culture. This country is a group of islands in the Pacific Ocean, off the coast of East Asia.<sup>1</sup> The other countries nearest Japan are Russia, China and the Republic of Korea. More than 6800 islands together make up the nation of Japan. Most of these islands are very small, only 340 are over one kilometer four main islands make up 98% of the country. These main islands are Hokkaido; Honshu, Shikoku and Kyushu.

The total land area of the Japan is almost 378000 kilometers, about the size of Finland, which is 338,000 kilometers.<sup>2</sup>

The Islands of Japan came about through slow collision of different moving parts of the earth crust, volcano activity and the resulting shifting of the ocean shore line. Japan maximum consists of high mountains with narrow valleys in between. Infact 68% Japan is mountainous.<sup>3</sup>

### **ECONOMIC RELATIONS**

After the Second World War, more than fifty percent of Japan's industry was in ruins. The cotton spinning and textile industries were very important factors in the revival and reconstruction of Japan. At that difficult time our country Pakistan extended a helping hand to Japan, by exporting raw cotton, an indispensable material for the spinning industry and by importing cotton textile from Japan under the open General License System. In the early 50's Pakistan supplied rice to Japan because at the time Japan was still short of food staffs.<sup>4</sup>

Pakistan dispatched a trade mission to Japan led by Ambassador Ispahani in 1948, the association was formed by Japan a group of private enterprises for the purpose of receiving the mission and the results were fruitful and Pakistan became Japan's number one trading partner.

On 28<sup>th</sup> April 2002 Japan and Pakistan celebrated the 50<sup>th</sup> anniversary of the establishment of diplomatic relations between the two countries.

Japan established a liaison office in Karachi Pakistan, in the month of December 1950<sup>5</sup>. Anson April 28<sup>th</sup> 1952 when the San Francisco Peace Treaty came in to effect, Japan and Pakistan

established diplomatic relations, and from that time both countries have enjoyed economic, trade and friendly relations for fifty year. Study reveals that bilateral economic relationship including trade between Japan and Pakistan has been steadily promoted on the conclusion of commerce treaty in 1961, which mutually grants the favoured treatment on trade and entry of nationals etc.

Study further reveals that the cordial ties between Japan and Pakistan have been developing continuously since diplomatic relation were established. Over the years the bonds between our two countries have developed deep roots in shared value and perceptions. In the economic field Japan continues to be a major trade partner of Pakistan.

In the development corporation filed, Japan has contributed to the economic development of Pakistan as a major bilateral development cooperation partner.<sup>6</sup>

### **PAK-JAPAN TRADE**

Japan is one of the major trade partner of Pakistan. In 2000-2001, 2.086 percent of total Pakistani exports was directed to Japan and 5.38 percent of total Pakistani imports came from Japan, during the study period Japan the 2<sup>nd</sup> largest trade partner for Pakistan following the United States of America. The percent of Pakistani import from Japan was 70.20% and its export to Japan was 29.793%.

The export from Pakistan to Japan has decreased from Rs.14226 million to Rs.11246 millions in the year 1991-92 to 2000-2001 but import from Japan to Pakistan has increased by Rs.23934 million to 33747 millions during the study period.<sup>7</sup>



Pakistan has averagely exported to Japan Rs.15208.7 and Japan exported to Pakistan averagely Rs.35838.1 million and balance of payment in deficit was averagely Rs.20629.4 million during the period from 1991-92 to 2000-2001.<sup>8</sup> The following table-I shows the evidence.

TABLE - I

## Pakistan - Japan Balance of Trade

Year	Exports	%age (+) (-)	Imports	%age (+) (-)	Balance
1991-92	14226	-	32934	-	18708
1992-93	12109	-14.88	41091	24.77	28982
1993-94	16460	35.93	30407	- 26.00	13947
1994-95	16753	1.78	30667	0.86	13914
1995-96	19544	16.66	42653	39.08	23109
1996-97	18700	- 4.31	40137	- 5.9	21437
1997-98	15583	- 16.66	34247	- 14.67	18664
1998-99	13616	- 12.62	38817	13.34	25201
1999-00	13850	1.72	33681	- 13.23	19831
2000-01	11246	- 19.00	33747	0.20	22501
Total	152087		358381		206294
Average	15208.7		35838.1		20629.4
% of Pakistan import and export from Japan	29.793		70.207		100
% (+) (-) over the period	- 20.94	+ 2.47			

$$GP + GJ = TB = 510468$$

Source: Economic Survey (2001-2002), Government of Pakistan p.93

It is evident from the above table-I that the overall Pak-Japan balance of trade position during the period from 1991-92 to 2000-2001 remained under pressure. Pakistan exported raw cotton to Japan and it processed the cotton into yarn and cloth and then

exported these back to Pakistan. Japan export-spinning machinery to Pakistan, and currently textile yarn and fabrics the largest component of Pakistani exports to Japan.<sup>9</sup> The share of Pakistan's exports to Japan exhibited a continuous decrease mainly due to the protracted recession in the Japanese economy. Pakistan exports to Japan has increasing trend up to the year 1993-94 but started decreasing due to the antidumping duties of Japan government on textile imports from Pakistan in 1995 and partially because of increasing trade between Japan and Asian Countries.<sup>10</sup>

The imports from Japan were also on the increasing since 1992-93 and started decreasing form 1993-94 to 2000-2001. The probable reasons for Japan declining trend in imports may be the joint venture between Pakistan and Japan in the automobile sector and the discouragement of Pakistani government for these imports to develop the home industry and conserve the foreign exchange reserves.<sup>11</sup>

## CONCLUSION

It is concluded from the above study that Pakistan and Japan, though geographically located on either side of Asia away from each other, have maintained economic and trade relations during the past fifty years. Japan has expanded good trade relations and has contributed to the economic development of Pakistan as major bilateral aid donor.

If government of Pakistan give a boost to economic and trade relations with Japan than the government must remove the duties against import of textile machinery and other industrial equipments. Beside to this our government must export other commodities which have good market in Japan. Japanese people are quality conscious so that we must improve and confirm the quality of goods with attractive packing.

Thus it is finally concluded that to catch the Japanese market, Pakistani exporters will have to work hard to correct existing short comings and boost the level of export. In this way on one hand balance of payment will be favorable and on the other hand Pakistan will earn foreign exchange.

## REFERENCES

1. Japan Information Bulletin (1995) Embassy of Japan in Pakistan Volume 28 No 3 May -June Pp.2-8.
2. Hamid Shahid (1998) Land of the Rising Sun, Published in Daily Dawn, Advertisement Supplement dated June 22, P.1
3. Ibid., P.1
4. Dr. Shaikh Muhammad Ayoob & Dr. Iqbal A. Panhwar (1999) Pak-Japan Trade Relations Growing Affairs Published in The Commerce & Economic Review, volume x Research Journal Shah Abdul Latif University, Khairpur, Sindh, pp. 51-58.
5. Japan and Pakistan (2001) special edition to commemorate of friendship, published by embassy of Japan. Pp.1-10
6. Japan information bulletin (2001) embassy of Japan in Pakistan volume No 34 and Issue-4 of June, pp. 1-10

7. Economic Survey (2001-2002) Government of Pakistan, Islamabad Pp.93-94
8. Ibid., p.93
9. Dr. Shaikh Muhammad Ayoob and Hakim Ali (2002) Pak-Japan Trade Relations, during the decade of 90's published in Pakistan and Gulf Economist Volume No. XXI February 11-17, pp. 27-29
10. Ibid., 27-29
11. Ibid., 26-2