



## Consulate General of Pakistan

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### Consul General

No.Trade/Reports/2017

Dated: 09-01-2017

**The Secretary,**  
Ministry of Commerce,  
Islamabad.

**SUBJECT: RESEARCH / MARKET REPORT No.1/2017.**

Kindly refer to Ministry of Commerce letter no. F.13/(06)/2016-Admn. II, dated: 18 August 2016, regarding above subject.

2. This Mission has prepared a market study with a view to identify the focus areas for promotion of Services exports from Pakistan into Australia (copy enclosed). The report contains an overview of the Australian Economy and Trade, Services Market, a case study and assesses the potential for growth of services imports and attracting inward investment from Australia into Pakistan. Towards the end of this report, recommendations have been made for TDAP, Pakistan Software Export Board and Pakistani software and other services export companies.

*Respectful regards*

Yours sincerely

**Encl. (12) As above**

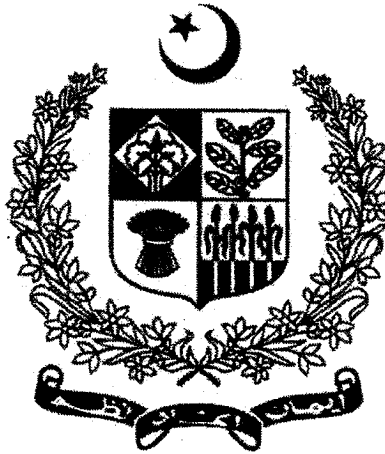
*Abdul Majid Yousefani*  
(ABDUL MAJID YOUSEFANI)  
Consul General

A copy along with the enclosures is forwarded for kind information to:

1. **The High Commissioner, High Commission for Pakistan, Canberra.**
2. **The Chief Executive Officer, Trade Development Authority of Pakistan, Karachi.**
3. **The Managing Director, Pakistan Software Export Board, Islamabad.**

(ABDUL MAJID YOUSFANI)  
Consul General

**Identification of Potential Areas  
for Services Exports from Pakistan  
and Inward Investment from Australia**



***PAREP Sydney***

## 1. Introduction

This research report presents an in-depth overview of Australia in terms of its economic profile, key industries and global trade positioning compared to its global peers. This report has been prepared with an objective to identify key areas for enhancing Pakistan's services imports to Australia with key focus on Information and Communication Technology (ICT). The report also highlights key economic segments where Pakistan can benefit from Australian technical expertise and experience including agriculture, energy infrastructure and financial services.

While focusing on the services trade between Pakistan and Australia, the reports also covers the historical perspective of bilateral trade relationship between the countries. This report is intended to provide potential ICT companies in Pakistan to develop an understanding about Australian economy and the ICT industry which is experiencing exponential growth. The report also presents a case study about how India has managed to capitalize on its IT industry strengths to capture a significant share of total Australian ICT imports over the past five years.

The key statistics used in the preparation of this reports are obtained from the published data of Australian Bureau of Statistics (ABS), Australian Government Trade Commission (AUSTRADE), World Bank databases, World Trade Organization (WTO) databases and International Monetary Funds database. There was limited data available related to Pakistani services trade with Australia. There is also a difference between bilateral trade data published by relevant authorities in Pakistan and Australia. The bilateral trade figures used in this reports are based on published data by Australian Bureau of Statistics (ABS).

We also intend to prepare a detailed research report to identify the potential areas for improvement in Pakistani goods exports to Australia going forward. This report will also be shared with the relevant stakeholders in the due course of time.

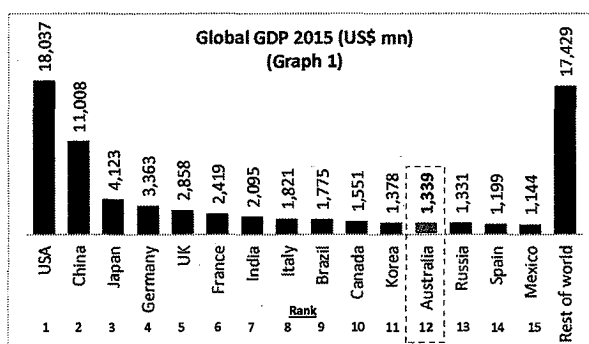
## 2. Australia – A Country Overview

General Information<sup>1</sup> (Table 1)

Full Title	Commonwealth of Australia
Capital	Canberra
Surface Area	7,692 ('000 sq km)
Largest City	Sydney
Official Language	English
Population	24.3 mn (Dec 2016)
Population Growth	0.4% per annum
Population born overseas	28.2% (Jun 2015)
Life Expectancy	84 yrs Women; 80 yrs Men
Workforce	11.9 million (May 2016)
International Students	683,000
GDP Per Capita	49,144
Currency	Australian Dollar
Inflation	1.30%
Unemployment Rate	5.60%
Total Employed	12.0 million
Head of State	HM Queen Elizabeth II,
Head of Government	PM Hon. Malcom Turnbull

### 2.1. Economic Overview

Australia offers a unique mix of strong economic credentials, political stability and close trade links with the fast-growing markets of Asia. Being one of the great agricultural, mining and energy producer, Australia has one of the world's most open economies with a highly-educated workforce and an extensive services sector<sup>2</sup>. Australia has more than doubled the value of its total production from a decade ago.

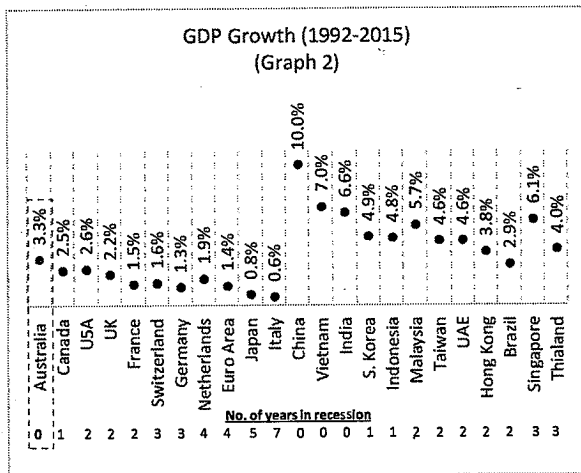


Currently, the Australian economy is the 12<sup>th</sup> largest in the world and represents 0.3% of the total global population (Australian Population: 24.3 million; Global rank: 52<sup>nd</sup>).<sup>3</sup>

<sup>1</sup> Data sourced from Australian Government Databases including: Department of Foreign Affairs and Trade (DFAT) and Department of Education & Training

<sup>2</sup> Australia in Brief – Report (51<sup>st</sup> edition), Department of Foreign Affairs and Trade

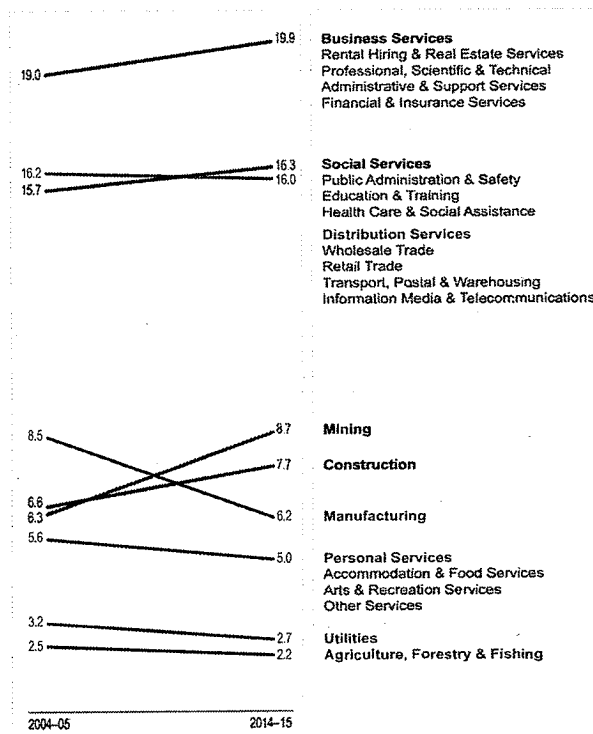
<sup>3</sup> World Bank estimates



(Source: IMF, World Economic Outlook Database, October 2014; Austrade)

In 2016, Australia entered its 26<sup>th</sup> year of uninterrupted annual economic growth, averaging 3.3% a year and is expected to grow at around 3.0% till 2020.<sup>4</sup> The services sector is the largest part of the economy, accounting for around 60.0% of gross domestic product and four out of five jobs.

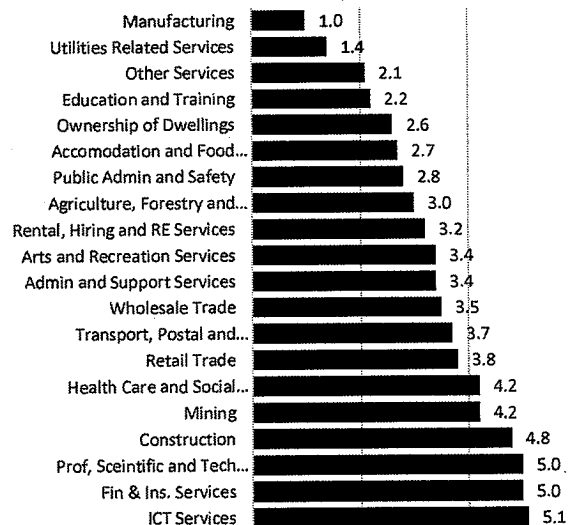
**GDP share (%)**  
(Graph 3)



Over the past ten years, services sector has improved its share in the overall GDP. The mining sector has also improved its GDP share mainly because of the boom in the mining which started in 2003. The boom in mining sector also resulted in increase in construction activity across Australia during the same period. Due to the mining boom, the Australian dollar appreciated which had disparate effects on different industries including agriculture. Being an export industry, the agriculture industry suffered as a result of increase in exchange rate. The other obvious industry that was disadvantaged was the manufacturing. All import competing companies including textiles, clothing and footwear were hurt very badly due to the higher exchange rates.

Among the services sector (growing at 3.5% per annum from 1992-2014), (i) Information Media and Telecommunication, (ii) Financial and Insurance Services and (iii) Professional, Scientific and Technical Services are the three fastest growing sectors in terms of the contributions to the total real Gross Value Added (GVA) of Australia.<sup>6</sup>

**Growth (%) by Industry in Real GVA (1992-2014)**  
(Graph 4)

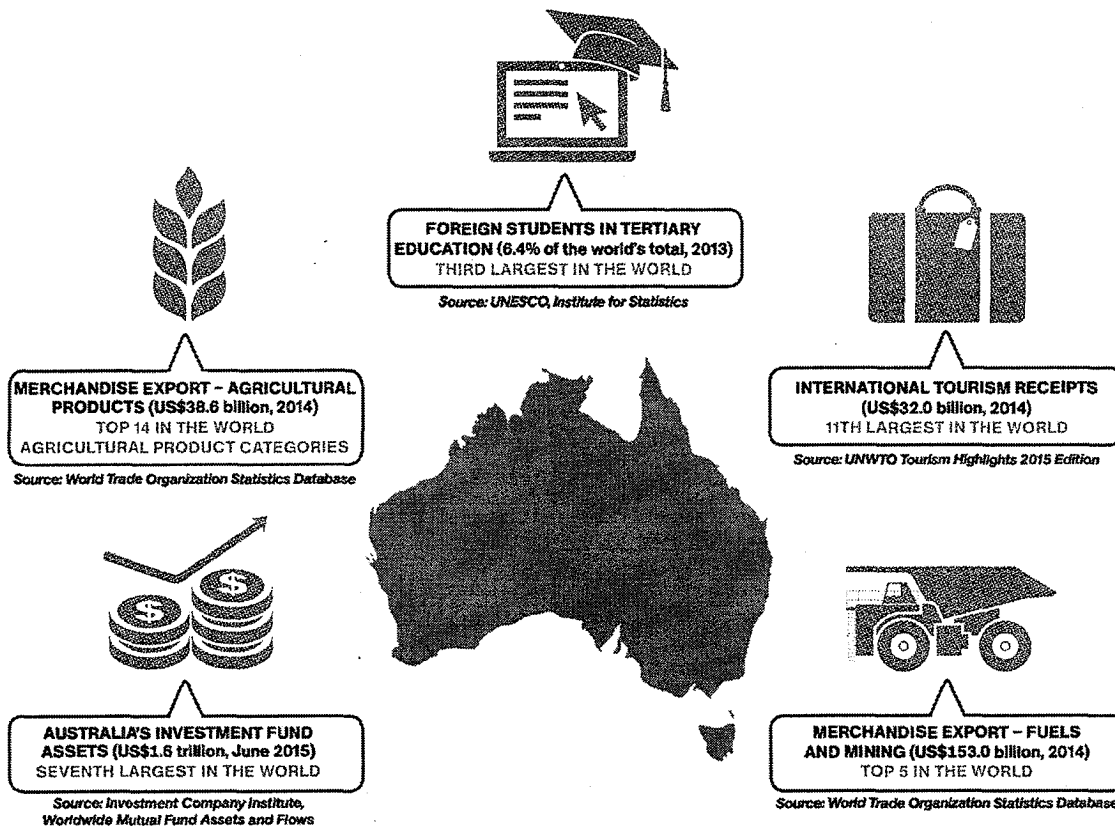


## 2.2. Key Industries

Australia is a global leader in five significant and diverse sectors: Agribusiness, Education, Tourism, Mining and Wealth Management.<sup>7</sup>

<sup>4</sup> Budget 2016 estimates; Australian Government  
<sup>5</sup> Benchmark Report 2015, Austrade

<sup>6</sup> Benchmark Report 2015, Austrade  
<sup>7</sup> AUSTRADE website



**/ AUSTRALIA: AN IMPORTANT CONTRIBUTOR TO THE GLOBAL GROWTH SECTORS OF THE FUTURE**

Australia is globally successful in five significant and diverse sectors: agribusiness, education, tourism, mining and wealth management. Ongoing demand across these sectors is expected to drive trade and investment in Australia and internationally.

**Resources and mining**

Australia's abundant resources and proximity to Asia underpin its position as a major global exporter of minerals and energy resources. In 2015–16, the country's total resources and energy exports exceeded A\$150 billion, with majority of these exports going to Asian countries, including China, Japan and South Korea.<sup>8</sup>

Australia also has the world's largest share of iron ore, uranium, gold, zinc and nickel reserves.

**Agriculture Industry**

Agriculture is an important part of the Australian economy. Australia is a competitive net agricultural exporter, with around two third of total production exported abroad. Australian agricultural / food exports for 2015-16 reached

A\$ 46billion<sup>9</sup>. It will not be out of place to mention here that the global food consumption is expected to grow at around 75.0% between 2007 and 2050, with 40.0% of the increased demand expected to come from China<sup>10</sup>. Given country's proximity to Asia and its reputation as a safe and secure source of quality produce globally, Australia is well placed to capitalize on this growth.

**Education**

Australia is the fourth most popular destination for students choosing to study overseas, attracting more international students than much larger economies like Germany and Japan. Education services are now one of Australia's leading exports and has crossed A\$19 billion mark in 2015-16<sup>11</sup>. The total

<sup>8</sup> International Trade 2016 database, ABS Statistics, Australian Government

<sup>9</sup> International Trade 2016 database, ABS Statistics, Australian Government

<sup>10</sup> Benchmark Report 2015, Austrade

<sup>11</sup> International Trade 2016 database, ABS Statistics, Australian Government

international students currently studying in Australia are estimated to be around 683,000 including 301,000 doing higher education and 178,000 vocational education students<sup>12</sup>.

### International Tourism

Australia experienced record tourism expenditure during 2014–15. The total exports reached around A\$15.8 billion which was mainly driven by strong growth from Asian markets such as China, Hong Kong, Malaysia and Singapore. The forecast for 2017–18 also remains robust, with international visitors spending expected to reach A\$37 billion (in real terms). China, India and other Asian nations are anticipated to account for most this growth. The total international visitors spending (including domestic overnight and day trips) is projected to increase to A\$111 billion by 2017–18<sup>13</sup>.

### Investment Funds

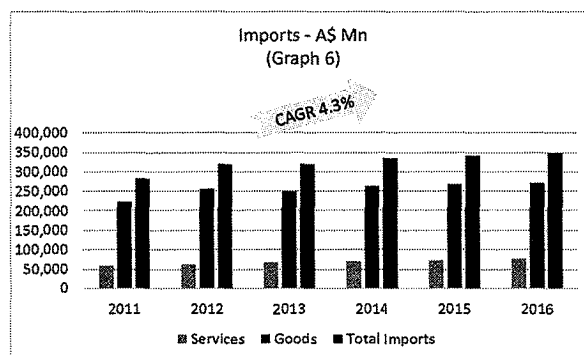
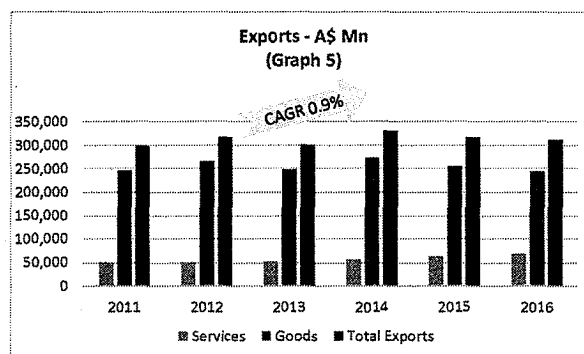
Australia's pool of funds under management (FUM) is the third largest in the world and the largest in the Asian region. The global significance of Australia's FUM and the maturity of its funds industry underscore its potential to further develop as a regional funds management center. Australia's financial services industry is the largest contributor to the nation's economy, with a 9.0% share of Gross Value Added (GVA), (mining is the second-largest contributor, with 8.9%), and the employment of over 400,000 Australians<sup>14</sup>.

### 2.3. Trade Overview

According to World Trade Organization (WTO), Australia ranks 26<sup>th</sup> with 1.1% share of the total global merchandise exports in 2015. In terms of imports, Australia ranks 20<sup>th</sup> with 1.2% share of the total global merchandise imports in 2015.

Australia ranks 25<sup>th</sup> with 1.0% share of the total global commercial services exports in 2015. In terms of imports, Australia ranks 24<sup>th</sup> with 1.2% share of the total global commercial services imports in 2015.<sup>15</sup>

Australia's trade in goods and services reached A\$661.5 billion (Exports: A\$312.3 billion; Imports: A\$ 349.1 billion) in 2016 as against A\$581.4 billion (Exports: A\$298 billion; Imports: A\$ 283.4 billion) in 2010. The total trade has grown at a compounded annual growth rate (CAGR 2010-16; 5 years) of 2.5% mainly driven by growth in total imports.<sup>16</sup>



China, Japan, United States, Korea, Singapore and European Union are Australia's current top five trading partners (Ref. to Appendix 5.1). Over 70.0% of Australia's trade was with member economies of the Asia-Pacific Economic Cooperation (APEC) forum.

Australia has nine Free Trade Agreements (FTAs) currently in force and signed an additional agreement in 2015 with China which will come into force once the domestic processes are completed.

#### 2.4.1 Key Services Exports

Nearly 70.0% of Australia's services exports come from travel services, transport services, financial services and ICT services (Ref. to Table 2). The ICT services exports have risen significantly over the past five years and currently account for around 5.0% of the total services exports.

<sup>12</sup> International Student Data 2016; Department of Education and Training Australia

<sup>13</sup> Tourism Research Australia, Austrade

<sup>14</sup> Benchmark Report 2015, Austrade

<sup>15</sup> WTO online database

<sup>16</sup> International Trade 2016 database, ABS Statistics, Australian Government

Key Services Exports	2010		2015	
(Table 2)	(A\$ mn)	(share %)	(A\$ mn)	(share %)
Travel	30,998	60.7%	40,808	59.7%
Other business services	7,615	14.9%	9,910	14.5%
Transport	6,419	12.6%	6,931	10.1%
Financial services	1,119	2.2%	3,713	5.4%
ICT Services	1,713	3.4%	3,260	4.8%
Charges for the use of IP	1,000	2.0%	1,064	1.6%
Government goods and services	862	1.7%	1,020	1.5%
Personal, cultural and recreational	817	1.6%	801	1.2%
Insurance and pension services	352	0.7%	555	0.8%
Construction	68	0.1%	155	0.2%

(Source: International Trade 2016, ABS Statistics, Australian Government)

China, USA, UK, Singapore and New Zealand account for almost 50.0% of total services imports from Australia which is growing at CAGR for 5 Years of 6.0% (Ref. to Appendix 5.2).

#### 2.4.2 Key Services Imports

Australia's key services imports include services related to travel, transport, financial, and ICT which together account for 73.0% of the total services imports (Ref. to Table 3). The share of ICT (CAGR 12%) and financial services (CAGR 12%) has increased significantly over the past five years.

Key Services Imports	2010		2015	
(Table 3)	(A\$ mn)	(share %)	(A\$ mn)	(share %)
Travel (incl. education)	25,711	44.0%	32,937	42.4%
Other business services	7,856	13.5%	11,824	15.2%
Transport	14,758	25.3%	17,357	22.3%
Financial services	650	1.1%	2,503	3.2%
ICT Services	2,048	3.5%	3,616	4.7%
Charges for use of IP	3,872	6.6%	4,756	6.1%
Government goods & services	886	1.5%	1,357	1.7%
Personal, cultural and recreational	1,490	2.6%	2,022	2.6%
Insurance and pension services	757	1.3%	807	1.0%

(Source: International Trade 2016, ABS Statistics, Australian Government)

USA has always been the single biggest import market accounting for around 19.0% of the total services imported in Australia (Ref. to Appendix 5.3).

### 2.4. Bilateral Trade between Australia and Pakistan

#### 2.5.1 Historical Perspective

Pakistan and Australia possess a strong and growing relationship supported by people-to-people links. The estimated population of Pakistan born Australian residents is over 50,000. There are currently over 15,000

Pakistan students studying in Australian universities on student visas<sup>17</sup>.

The history of our bilateral relationship goes back to our partition from India in 1947. Australia has had a resident mission in the Pakistan since 1948. Both countries are committed to support each other in the efforts to address security threats and build strong economic relationships.

Australia-Pakistan total two-way trade in 2015-16 reached A\$1,626 million (Ref. to Table 4). Currently, Pakistani imports from Australia consist primarily of food products, cotton and fertilizers. Pakistan's major exports from Australia are mainly textiles and rice.

A bilateral arrangement between the two countries was signed in 1990 with an aim to "facilitate, strengthen and diversify" bilateral trade. The Australia and Pakistan Joint Trade Committee, is the primary forum for discussion of bilateral trade and investment cooperation issues. A Memorandum of Understanding (MOU) on strengthening bilateral trade and economic co-operation between Australia and Pakistan was also signed by Australia and Pakistan Joint Trade Committee meeting in September 2014<sup>18</sup>.

The Australian Trade Commission (AUSTRADE) is the Australian Government's trade, investment and education promotion agency. Austrade assists Australian companies to grow their international business, attract productive foreign direct investment into Australia, and promotes Australia's education sector internationally through its global offices. AUSTRADE currently has its offices located in Lahore, Karachi and Islamabad.

The Australian Government is also providing an estimated A\$47.0 million in total Overseas Development Aid (ODA) to Pakistan in 2016-17. The main objective of the ODA program is to generate sustainable growth, employment and invest in Pakistani people through education and health<sup>19</sup>.

<sup>17</sup> International Student Data 2016; Department of Education and Training Australia

<sup>18</sup> Pakistan Country Brief, Department of Foreign Affairs & Trade website

<sup>19</sup> Overview of Australia's aid program to Pakistan, Department of Foreign Affairs & Trade website

## 2.5.2 Current Trade Position

The two-way trade between Pakistan and Australia has increased by A\$739 million from 2011-16. During this period, there is a major increase in exports of goods and services from Australia to Pakistan (A\$ 567 million). However, the exports of goods and services from Pakistan to Australia has increased by A\$ 172 million during the same period.<sup>20</sup>

Bilateral Trade (A\$ mn)	2011	2012	2013	2014	2015	2016
<b>(Table 4)</b>						
<b>Exports from Australia</b>						
Goods	381	529	632	400	455	650
Services	274	328	371	451	545	572
<b>Total Exports</b>	<b>655</b>	<b>857</b>	<b>1,003</b>	<b>851</b>	<b>1,000</b>	<b>1,222</b>
Annual Growth	n.a	31%	17%	-15%	18%	22%
<b>Imports into Australia</b>						
Goods	175	177	179	210	239	307
Services	57	65	66	70	74	97
<b>Total Imports</b>	<b>232</b>	<b>242</b>	<b>245</b>	<b>280</b>	<b>313</b>	<b>404</b>
Annual Growth	n.a	4%	1%	14%	12%	29%
<b>Total Trade</b>	<b>887</b>	<b>1,099</b>	<b>1,248</b>	<b>1,131</b>	<b>1,313</b>	<b>1,626</b>
Annual Growth	n.a	24%	14%	-9%	16%	24%

(Source: International Trade 2016, ABS Statistics, Australian Government)

Pakistan is one of the biggest international education exports market for Australia. Over 95% of the total services exports of Australia to Pakistan in 2016 valuing A\$544 million comprised mainly of education services<sup>21</sup>.

Australian Services Exports (A\$ mn)	2016	Share (%)
<b>(Table 4)</b>		
Education Travel	544	95.1%
Business Travel	7	1.2%
Other (mainly travel incl. other personal)	21	3.7%
<b>Total</b>	<b>572</b>	<b>100.0%</b>

Pakistan hardly exports any key service (including education) to Australia. The total exports of services from Pakistan to Australia mainly includes personal and business related travel.<sup>22</sup> Most of these travelers were of Afghan and Pakistani origin living in Australia.

Australian Services Imports (A\$ mn)	2016	Share (%)
<b>(Table 4)</b>		
Personal (excl. educational)	80	82.5%
Business Travel	3	3.1%
Other (mainly travel)	14	14.4%
<b>Total</b>	<b>97</b>	<b>100.0%</b>

<sup>20</sup> International Trade 2016 database, ABS Statistics, Australian Government

<sup>21</sup> International Trade 2016 database, ABS Statistics, Australian Government

<sup>22</sup> International Trade 2016 database, ABS Statistics, Australian Government

## 3. Potential areas for enhancing bilateral trade & Australian investment in Pakistan

### 3.1 Australian ICT Market – An untapped territory

Australia's reliance on ICTs is virtually beyond comparison worldwide due to vast distances between its key cities and the sparse population. The ICT industry of Australia is one of the fastest growing industry in terms of its share in Australia's total GVA. The ICT industry has grown at an annual rate of 5.1% against total services industry's growth of 3.5% (in terms of its contribution to total GVA; 1992-2015).<sup>23</sup> In terms of global trade, the ICT services imports of Australia has grown at a CAGR (5 years; 2011-2016) of 12.0%. Out of total ICT services imports of A\$3.6 billion of Australia, Pakistan ICT services exports to Australia are currently negligible.

Australian ICT industry offers prospective opportunities for Pakistan ICT exporters including freelancing segment. Pakistan ICT exports, which has recently crossed US\$ 2.0 billion mark, is currently growing at 30-40% per annum<sup>24</sup>. The Australian ICT industry offers potential opportunities for Pakistani exporters in the areas of Telecommunication, Business Process Outsourcing, Managed Security Services, Cybersecurity, IT Engineering and Consultancy Services, Mobile Applications Development, Website Development, Web Based Application Development and Hosting Solutions.

At present two Pakistanis, namely M/s. Systems Limited and Netsol Technologies (906, Level 9, 5 Hunter Street, Sydney, NSW, 2000, Australia)<sup>25</sup> are physically present in the Australian ICT market. Systems limited possesses a subsidiary in UAE, namely Techvista Vistas Systems FZ-LLC<sup>26</sup> that has been successful in providing services to a large retail chain store in Australia (City Convenience Stores)<sup>27</sup>. However, there is a need for encouraging Pakistani ICT companies to establish physical presence in this market or develop linkages and joint ventures with the Australian companies to increase their market share.

<sup>23</sup> Industry Benchmark Report 2015, Austrade

<sup>24</sup> PSEB estimates; Ref. to newspaper article: <http://tribune.com.pk/story/995593/fiscal-year-2014-15-pakistan-it-exports-exceed-2-billion-says-pseb-chief/>

<sup>25</sup> <http://www.netsoltech.com/contact-us/>

<sup>26</sup> <http://www.thenewsteller.com/tech/systems-limited-pakistan-expansion-to-uae-australia-and-qatar-markets/21421/>

<sup>27</sup> <http://www.techvistasystems.com/techvista-systems-breaking-new-frontiers-now-australia>



CeBIT is one of Australia's largest IT events organized annually and is supported by the New South Wales Government. The event focuses on business solutions provided through the use of technology. The cutting-edge technologies are displayed by local and foreign exhibitors across different categories including Cloud Computing; Unified Communications; Big Data and Analytics; Mobility / M2M & IoT; Financial Tech and e-Commerce; Education; Digital Marketing; Smart Office; Enterprise Security; BPM and Software; IT Hardware and Data Storage; and Managed Services.

To provide an exhibition opportunity to Pakistani IT companies, the Pakistan Software Export Board (PSEB) arranged a delegation comprising of thirteen Pakistani IT companies (five exhibitors and eight observers) to

participate in CeBIT in April 2016. The event provided networking opportunities to Pakistani participants to explore potential areas of partnership with their Australian counterparts. Post event, some of participating Pakistani IT companies actively engaged with their potential Australian clients and successfully executed sales contracts.

We contacted all the participating companies post event to collect their feedback and suggestions for the forthcoming event in 2017. In this regard, a detailed questionnaire was prepared to gather responses from the participating companies. Two companies provided us with their detailed feedback and informed us about their active engagements with the Australian companies.

#### **A Case Study –Indian ICT Industry Exports to Australia**

India has successfully become the second largest ICT services exporter to Australia over the past five years (2011-16). In 2011, India used to be the fifth largest ICT services exporter to Australia. The total ICT services export to Australia from India was valued at around A\$104 million in 2011.

Over the next five years, India capitalized on the strengths of its ICT industry and the rapidly growing Australian ICT market. Indian ICT services grew at a CAGR of around 28.0% during 2011-16 and reached a A\$355 million mark. During the same period, the overall services exports to Australia grew at CAGR of 16.0%.

Due to this exponential growth, the total share of Indian ICT services exports grew from around 5.0% to almost 10.0% of the total Australian ICT imports during 2011-15.

<b>Indian Trade - A Case Study (AS mn)</b>	<b>2011</b>	<b>2016</b>
<i>(Table 5)</i>		
<b><u>Services Exports to Australia</u></b>		
ICT Services Exports	104	355
Growth		27.8%
Other Services Exports	640	1,343
Growth		16.0%
Total Services Exports	744	1,698
CAGR (5 year)		17.9%
<b><u>ICT Services Exports to Australia</u></b>		
Indian ICT Services	104	355
Other countries	1,944	3,261
Total Australian ICT Services Imports	2,048	3,616
<b><u>ICT Services Exports to Australia (share %)</u></b>		
Indian ICT Services	5.1%	9.8%
Other countries	94.9%	90.2%
Total Australian ICT Services Imports	100.0%	100.0%

*(Source: International Trade 2016, ABS Statistics, Australian Government)*

Pakistan can also leverage the strengths and growth of its software exports market to gain a reasonable share of Australian ICT services imports. Pakistan has one of the most competitive IT landscapes in Asia required to enhance its ICT services exports to Australia.

### **3.2 Tourism Services Exports**

The Australian government strongly advise its citizens to reconsider the need to travel to Pakistan due to high threat of terrorist attacks, kidnappings, sectarian violence and the unpredictable security situation in Pakistan. Blessed with natural and historical riches, Pakistan is undoubtedly an ideal tourist destination for global tourists including Australians. The political instability and worsening security situation has always kept Pakistan off the radar for potential Australian tourists which can become a major source of services exports for us.

### **3.3 Promote linkages in agriculture and dairy sectors**

The agriculture sector is one of the key contributors to the overall GDP of both Australia and Pakistan. Being the exporter of agricultural products, Australia and Pakistan should promote further linkages in agriculture sector. Huge potential also exists in enhancing private business activities in the areas related to dairy farming, crop production, storage and handling, forage seeds, water management, cotton seed and ginning, agri-farm equipment and bio-fertilisers.

### **3.4 Investment Cooperation in Energy Infrastructure and Mining Resources**

Australia is one of the leading exporters of fuels and minerals globally. China is one of the key importers of Australian mining resources. Pakistan's long term economic growth is constrained by the lack of adequate infrastructure especially in the energy sector. As a part of China Pakistan Economic Corridor (CPEC), China will be investing billions of dollars in energy and power infrastructure projects in Pakistan. Australian being the major exporter to China can also become a significant participant in CPEC projects.

Pakistan being an energy starved country offers attractive investment opportunities to Australian companies to capitalize on their mining and energy expertise. The oil and gas exploration and electricity generation (incl. hydro power and

renewable energy) are the two key sectors offering several business opportunities to Australian companies. To this end, BHP Billiton Australia is already involved in gas exploration in Pakistan.

### **3.5 Financial and banking services**

Pakistan's growing economy is expected to drive demand for banking and financial services including insurance services going forward. Thus there is a need for an active engagement between the two countries to promote Australian investments in banking, insurance, asset management and other financial sectors in Pakistan.

## **4. Conclusions and Recommendations**

This research report suggests that a considerable potential exists for Pakistani services companies especially ICT industry participants to explore Australian market. Currently, the share of Pakistan services exports to Australia is negligible. Pakistan currently has over 300,000 IT professionals who can speak in English and are well versed with the latest IT knowledge and technologies. Assuming a conservative (hypothetical but realistic) target share of 1.0% of total Australian ICT services imports (A\$ 3,616 million; 2016), Pakistan can easily add A\$ 36 million to its total services exports at current levels (A\$97 million; 2016). This represents an increase of around 37.0% in total Pakistani services exports to Australia (A\$ 133 million).

Given Pakistan's strategic location and ongoing economic activities in the country, Pakistan also offers attractive opportunities to Australian companies to invest in Pakistan and provide technical support in the areas of oil and gas exploration, financial services, agriculture, dairy and livestock. Detailed research reports need to be prepared to identify the available opportunities and key challenges that need to be addressed going forward. These detailed reports would help Pakistani companies to understand the Australian market and explore potential partnerships with the Australian companies operating in their domains.

The following recommendations are being made for the promotion of exports of Pakistani ICT services to Australia:

1. TDAP and PSEB should increase the level of participation in trade fairs related to the identified ICT sectors and products held in Australia for marketing of Pakistani ICT companies. TDAP should select the participating companies in advance (at least six to eight weeks) enabling them to complete visa process.
2. We will continue to update the list of future exhibitions and fairs to be held in Australia and provide this information to the TDAP with a view to facilitate in decision making.
3. TDAP should plan delegation of Pakistani companies for marketing of services at the time of participation in the relevant fair. This delegations can be very useful and result oriented if proper planning is done and contact is established between the Pakistani companies and potential ICT services importers in Australia beforehand.
4. The ICT exporting companies in Pakistan may be motivated to establish connections with Australian companies.
5. Large ICT exporting companies in Pakistan may consider physical presence in Australia. This will increase the confidence level of the Australian companies interested in outsourcing business processes or looking forward to the software development in Pakistan.
6. Participation in the CeBIT fair may be made on a regular basis enabling the Pakistani ICT exporting companies to explore this market, which is already promising and provides long term opportunities.
7. The software exporting companies are advised to prepare plan for marketing of their services well in advance of the participation in the fair enabling them to set up useful business meetings with the Australian counterparts leading to meaningful business propositions and contracts.
8. A single country exhibition should be planned for Australia in this year (2017). This should cover Pakistan's art, craft, culture, export products and services.
9. The Consulate General may be provided necessary funds for subscription of the databases, trade directories and other necessary publications for carrying out effective research in the areas identified in this report.
10. The Consulate General may be provided with necessary funds for engaging the services of professional organizations for conducting research in the identified areas. It will enable us to get an unbiased view of the market and increase our level of confidence.

## 5. APPENDIX

### 5.1 Trade of Goods & Services – Country wise (A\$ mn)

Total Trade	2011	2012	2013	2014	2015	2016
China	113,589	125,255	124,909	151,825	143,570	149,951
United States	50,583	57,660	55,047	58,465	64,790	69,240
Japan	68,015	75,825	69,385	72,103	67,588	60,266
Republic of Korea	31,759	33,321	31,042	35,146	35,475	33,878
United Kingdom	22,029	24,617	22,001	20,687	21,749	26,969
Other	295,475	319,473	318,166	327,996	326,809	321,147
<b>Total</b>	<b>581,449</b>	<b>636,152</b>	<b>620,550</b>	<b>666,223</b>	<b>659,981</b>	<b>661,451</b>

(Source: International Trade 2016, ABS Statistics, Australian Government)

### 5.2 Services Exports – Country wise (A\$ mn)

Services Exports	2011	2012	2013	2014	2015	2016
China	6,031	6,194	6,626	7,489	8,804	10,681
United States	5,310	5,448	5,781	6,512	7,169	8,205
United Kingdom	3,910	3,959	4,107	4,151	4,869	4,911
Singapore	2,924	3,268	3,521	3,581	3,812	4,343
New Zealand	3,242	3,419	3,432	3,804	3,985	4,117
Other	29,629	29,270	29,261	31,572	34,047	36,049
<b>Total</b>	<b>51,046</b>	<b>51,558</b>	<b>52,728</b>	<b>57,109</b>	<b>62,686</b>	<b>68,306</b>

(Source: International Trade 2016, ABS Statistics, Australian Government)

### 5.3 Services Imports – Country wise (A\$ mn)

Services Imports	2011	2012	2013	2014	2015	2016
United States	10,243	11,336	12,226	13,356	13,882	14,843
United Kingdom	5,530	5,732	6,013	6,510	6,865	7,316
Singapore	3,423	3,793	4,472	5,028	5,038	5,380
New Zealand	2,777	3,008	3,095	3,320	3,590	3,992
Japan	2,173	2,174	2,379	2,600	2,787	3,114
Other	34,223	36,146	39,416	40,647	40,804	43,089
<b>Total</b>	<b>58,369</b>	<b>62,189</b>	<b>67,601</b>	<b>71,461</b>	<b>72,966</b>	<b>77,734</b>

(Source: International Trade 2016, ABS Statistics, Australian Government)

### 5.4 Goods Exports – Country wise (A\$ mn)

Goods Exports	2011	2012	2013	2014	2015	2016
China	64,856	73,997	72,015	91,937	75,401	75,197
Japan	46,967	51,152	46,522	49,026	44,454	35,846
Republic of Korea	22,556	21,980	19,142	20,897	18,775	17,803
United States	9,055	9,850	9,082	10,626	13,357	13,712
India	15,761	13,120	11,416	8,354	9,748	9,624
Other	87,811	95,635	90,712	93,027	93,877	91,823
<b>Total</b>	<b>247,006</b>	<b>265,735</b>	<b>248,889</b>	<b>273,867</b>	<b>255,612</b>	<b>244,006</b>

(Source: International Trade 2016, ABS Statistics, Australian Government)

### 5.5 Goods Imports – Country wise (A\$ mn)

Key Goods Imports	2014		2015	
	(A\$ mn)	(share %)	(A\$ mn)	(share %)
Processed industrial supplies	22,008	9.8%	31,894	11.8%
Consumption goods	22,333	9.9%	30,508	11.2%
Fuels and lubricants	31,699	14.1%	24,658	9.1%
Non-industrial transport equipment	15,953	7.1%	23,116	8.5%
Machinery and industrial equipment	15,727	7.0%	21,293	7.8%
Textiles, clothing and footwear	10,588	4.7%	16,680	6.1%
Food and beverages	10,240	4.6%	15,989	5.9%
Other parts for capital goods	14,339	6.4%	14,948	5.5%
Parts for transport equipment	9,304	4.1%	12,085	4.5%
Telecommunications equipment	7,073	3.1%	10,833	4.0%

(Source: International Trade 2016, ABS Statistics, Australian Government)