

THE ASSOCIATION BETWEEN PAKISTAN AND THE EUROPEAN UNION, WITH A PARTICULAR FOCUS ON TRADE

Ammar PARVEZ¹, Ayesha AMJAD^{2*}, Ahmad ZUBAIR³, Ahmed I. ALBARRAK⁴

¹ Faculty of Engineering Management, Poznan University of Technology; ammarparvezz@gmail.com, ORCID: 0009-0004-7549-5834

² Faculty of Transport and Aeronautical Engineering, Silesian University of Technology; ayesha.amjad@polsl.pl, ORCID: 0000-0003-1763-3229

³ Department of Mechanical Engineering, Wroclaw University of Science and Technology; ahmed.jan@pwr.edu.pl, ORCID: 0000-0002-4389-6359

⁴ Medical Informatics and E-Learning Unit, Medical Education Department, College of Medicine, King Saud University, Riyadh, Saudi Arabia; albarrak@ksu.edu.sa, ORCID: 0000-0003-3246-454

* Correspondence author

Purpose: This paper aims to investigate the bilateral relations between Pakistan and the European Union, with a specific emphasis on trade dynamics. The primary purpose is to explore the factors influencing trade between these two entities, delving into historical perspectives, contemporary developments, and future milestones set by the European Union and Commission.

Design/methodology/approach: The objectives are achieved through a comprehensive analysis of trade data, policy documents, and relevant literature. The research employs a multi-faceted approach, encompassing both theoretical and empirical considerations. The theoretical scope extends from the historical Silk Road to the contemporary geopolitical landscape, while the empirical analysis involves a PEST analysis and examination of internal and external factors influencing trade.

Findings: The research reveals significant insights into the factors shaping trade relations between Pakistan and the European Union. These findings are presented through a thorough analysis, discussion, and interpretation of results, providing a comprehensive understanding of the bilateral trade dynamics.

Research limitations/implications: While offering valuable insights, this study recognizes potential limitations, such as data constraints and geopolitical factors. Suggestions for future research are provided, focusing on areas that could further enhance the understanding of the relationship and trade dynamics.

Practical implications: The paper identifies outcomes and practical implications for businesses and enterprises engaged in trade between Pakistan and the European Union. Recommendations for changes in business practices are discussed, considering the potential commercial and economic impact of the findings.

Social implications: The study assesses the social impact of the Pakistan-European Union trade relationship, exploring how it influences public attitudes, corporate social responsibility, and environmental considerations. The research may inform public and industry policies, potentially affecting the overall quality of life.

Originality/value: This paper contributes novelty by offering new insights into the dynamics of the Pakistan-European Union relationship, specifically in the context of trade. Its value lies in its relevance to policymakers, businesses, and researchers interested in understanding and enhancing this bilateral association

Keywords: Trade dynamics, Bilateral relations, Pakistan, European Union, Geopolitical landscape.

Category of the paper: Review Article.

1. Introduction

The focus of this study henceforth shall be to throw light on the bi-lateral relationship between Pakistan and the European Union and in particular the trade and commerce related aspect of it. The bilateral trade relations between Pakistan and the European Union are governed by the 2004 Cooperation Agreement. The EU-Pakistan 5-year engagement plan also focuses on enhancing trade and investment between the two parties. The EU Generalized Scheme of Preferences (GSP) also benefits multiple trading opportunities to Pakistan. Since 1st January 2014, Pakistan has been enjoying liberal tariff preference (mostly zero percent duties on more than half al product categories) because of the GSP deal aimed at promoting sustainable growth and progress and aid superior governance. With the intention of maintaining its current status in the EU Generalized Scheme of Preferences Pakistan has to keep its end of the bargain and implement upwards of twenty-five global conventions on human rights, labor rights, environmental protection steps and acceptable and good governance.

- The European Union is one of the most significant trading partners of Pakistan, amounting to upwards of 12% of Pakistan's entire trade in 2015 and captivating 23.7% of Pakistan's total exports (An official website of the European Union, 2019).
- Pakistan proved to be the EU's 41st biggest trade collaborator in merchandise amounting to 0.3% of European trade in 2016.
- Pakistan's exports to Europe are mainly comprised of textiles and clothing, amounting to almost 80% of Pakistan's entire exports to the EU in the year 2016.
- Pakistan's imports from the EU are dominated by machines and transportation gear (40.2% in 2016) in addition to chemicals (19.5% in 2016).
- During the period 2006 to 2016, EU28 imports from Pakistan have roughly doubled from almost €3 million to €6,273 million. The increase in imports from Pakistan has been predominantly quick ever since the award of GSP+ (€5,515 million in 2014) (An official website of the European Union, 2019).
- A Sub-Group on Trade has been set by the European Union and Pakistan to enhance the growth of bilateral traffic. The Sub-Group on Trade has been arranged under the sponsorship of the European Union-Pakistan Joint Commission. The purpose of this

medium remains to discuss trade strategy developments in a holistic manner and deal with individual market access issues which impede trade between the two regions.

- Pakistan's economy promises significant potential but certain factors including lofty costs of doing business, unnecessarily difficult regulations and infrastructure shortcomings all are deciding factors of a country's trade and growth. Unfortunately, Pakistan's trade management and regulatory atmosphere are still relatively restraining.
- More than 80% of Pakistani exports to the EU is based upon textiles and garment items. Granted, the textile and clothing industry to this day remains the backbone of Pakistan's exports, none the less, relying a great deal on one manufactured goods group carries risks for any nation. Trade diversification is thus utmost important for Pakistan. The conceding of GSP+ preferences in 2014 ought to fuel Pakistan's hard work towards economic diversification.
- Almost 80% of Pakistani exports to the EU enter at preferential rates thanks to the GSP+ status it enjoys (An official website of the European Union, 2019).

2. Research Questions

A number of factors ranging from political to irredentism may affect the trade relations between any two nations. A host of these factors shall be considered and discussed here in an effort to appreciate the efforts made by both sides and pinpoint any problem causing areas.

2.1. Political relations

Pakistan and the EU enjoy cordial bilateral political relations. The European Delegation to Pakistan represents the EU on a wide variety of subjects including: development collaboration, humanitarian aid, trade, security and counter terrorism, energy, environmental factors, health, transportation services, migration and climate change. Thanks to the EU-Pakistan 5-year Plan, political and security relations between the two regions are also getting stronger. To review the plan's progress, a Pakistan-EU Joint Commission meets annually (EU-Pakistan 5-year Engagement Plan, 2019).

2.2. Economic relations

The EU is a firm proponent of Pakistan's integration into the global economy. In order to achieve the goal of integrating Pakistan into the Global economy the EU and Pakistan are collectively working on:

1. Increasing bilateral trade.
2. Encouraging direct investment.
3. Sustaining institution building, and
4. Protecting basic human rights and ensuring the execution of global labor laws.

The Pakistani Government's current economic reforms program in accord with global financial institutions is also supported by the EU. Moreover, the EU is preparing to enlarge its exchange of ideas and collaboration with Pakistan relating to energy issues.

2.3. Trade relations

The European Union remains to be one of the largest trade Partners of Pakistan and the main marketplace for exports from Pakistan. The overall Pakistan-EU trade stood to be €10.49 billion for the year 2015 which is 20.1% higher than trade in 2013. 76% of all Pakistani exports to the European Union consist of textile and clothing products. Pakistan's main imports from the European Union consist of Machines and Appliances (comprising 25.5%), transportation gear which amounts to 16.5% and chemicals and pharmaceuticals amounting to 15.5%.

A Sub-Group focused on trade was arranged by EU and Pakistan under the EU-Pakistan Joint Commission in May 2007. (Trade with the European Union the Pakistan Business Council, 19). The EU Generalized System of Preferences (GSP) which was setup in January 2014 has been benefitting Pakistan by boosting its exports to the EU.

2.4. Development cooperation

Constituent countries of the EU provide Pakistan with almost €700 million per year as humanitarian aid and also as a source of development assistance. Along with further issues, the EU also supports Pakistan in its hard work to deal with the menace of poverty, amplify the literacy rates, lessen child mortality rates, advance maternal health status, fight major diseases including emerging threats as the corona virus, and also to ensure environmental sustainability (EU-Pakistan 5-year Engagement Plan, 2019).

2.5. Science and technology

Pakistan and the EU are dedicated to cooperating in the contemporary fields of science and technology. With virtually €80 billion of financial support accessible over a period of seven years (2014 to 2020), Horizon 2020 is the largest EU research and improvement program. The Delegation from the European Union has accomplished a joint venture with Pakistan Science Foundation (PSF) in an effort to advance the Horizon 2020 initiative within Pakistan. (European Issues, 2019)

2.6. Support for specific issues

A Multi Annual Indicative Program (MIP) contains particulars and instructions about the EU collaboration priorities concerning Pakistan for the period from 2014 to 2020. The program aims at providing long-term aid and assistance to Pakistan for various issues specific to Pakistan such as rural development, increasing the level of Education, Ensure good governance and other such issues.

2.7. Rural development

In the course of the MIP, EU has contributed in excess of €340 million to the rural improvement projects of Pakistan. The endowment program puts special focus on enhancing economic development and livelihoods in several of the most poverty-stricken areas of Pakistan. Efforts are therefore being made to:

1. Ensure easy access to basic public services.
2. Lessen the margin of Social and Economic disparity.
3. Enhance positive, revenue generating measures, and
4. Contributing to assembling and maintaining peace and security throughout the country.

2.8. Education and training

The MIP has provided an estimated €210 million to help in improving Pakistan's teaching and schooling initiatives.

Explicit goals consist of:

1. Improving admittance to and ensure achievement of fundamental and derived education for children, while dropping bias caused as a result of gender and region. Civilizing the value of education by introducing improved coaching materials, evaluation systems and school administration practices may as well be upgraded.
2. Refining the efficiency and employability of workforce by introducing applicable technological and occupational instruction programs (Pakistan, EU agree to strategic partnership, 2019).

2.9. Governance and human rights

Moving forward with Pakistan, governance and human rights concerns have always been a major issue for the European Union. Various issues regarding human trafficking, illegal immigration, and denial of labor rights within the country have all been sore spots for the EU regarding Pakistan.

Almost €97 million is to be paid in the course of the MIP for the purpose of bolstering the current democratic system of Pakistan. Definite objectives include:

- To reinforce the domestic elected institutions and the electoral processes – combating the menace of corruption, enhancing the legislative system and better accountability for the administration (The Commonwealth authentic website, 2018).
- To support the decentralization process of public administration offices as a means to civilizing the supervision of civic funds and service deliverance.
- To better the safety situation by ensuring Rule of law – defending basic human rights of people, making law enforcement easy and official and legal systems further liable.

2.10. Humanitarian aid

European Union being a huge proponent of human rights has never backed down from providing aid and assistance for humanitarian causes. Since 2009, the EU has been providing Pakistan with the amount of €537 million as humanitarian assistance, as well as an allotment of €21.5 million for the year 2016. Assistance has also been given to the victims of flood. EU has continued to sustain people affected by conflict as well as those afflicted from undernourishment and lack of food security. The EU has also been generous enough to aid the Afghan refugees residing in Pakistan.



Figure 1. EU-Pakistan Friendship Flag. Source: EU - Pakistan Relations.

Source: The London Post.

It offers: support in the form of food, access to clean potable water, sanitation services, sanctuary, health care, and protection to people displaced due to conflict, i.e. internally displaced people (IDP's).

3. Methodology

The methodology applied in this paper ranges from extensive literature review to precise arithmetical analysis such as the PEST analysis. Comparing various characteristics of both economies in an effort to assess the positive and the negative factors influencing the relation between the two regions and how it affects the trade and economic relation between them.

Cooperation between the two parties involved, especially through the Joint Commission, a sub- group setup by the Commission and the exchange of ideas dedicated solely to trade, will deliberate on:

- Contemplation of Pakistan's eligibility to profit from the EU's GSP+, henceforth being able to access the European market place at much profitable terms.
- Working towards an all-inclusive agenda to improve trade, as well as EU-Pakistan all-inclusive Free Trade Agreement, casing everything from goods to services and venture (Delegation of the European Union to Pakistan, 2018).
- Improved trade facilitation as well as simplification and up gradation of customs control, execution of WTO codes incorporating those related to quality standards.
- Promoting an environment conducive for investment.
- Encouraging practices such as public-private partnerships, business-to-business discourse and commercial sector Mutual Ventures.
- Taking into consideration potential for transfer of technology, particularly associated to manufacturing and farming applications.

4. Literature Review

Before acquiring independence from the Empire on 1947, Pakistan used to be a component of Royal British Kingdom in the South Asian region. British direct power over the area initiated by taking over Sindh in 1843, Punjab and the North-West Frontier were next annexed in 1949, with Baluchistan being last to fall in 1876. The expansion era stretched European existence and power in the South Asian region. Scores of settlers from Europe reached the Asian subcontinent, each contributing to different tasks such as bureaucrats, military, government officers, civilian population, followers and merchants. Throughout 1940s, there existed minorities of Jews of European descent spread along international metropolitans for example Lahore and Karachi. They came as a component of the mass exodus of Jews to Indian territories occupied by Britain subsequent to World War II. Nevertheless, by the end of 1960, the majority of the aforementioned Jews performed a derivative resettlement and went to Israel and other Western nations.

4.1. Pakistan -Historical perspective

The area where Pakistan is located was among the original cradles of civilization. Hunting-gathering societies as far back as the stone-age (some 300,000 years back) lived in the Potohar highland, in and around the valley now known as the Soan Valley located in northern Punjab. Excavations from the plateau of Baluchistan illustrate that a much-sophisticated civilization flourished in that region from 4000-2000 BCE. A premature Bronze Age society emerged during this period at Kot Diji in the Khairpur district. The Indus Valley civilization is the pinnacle of these Civilizations. Cities such as Moenjodaro and Harrapa still stand as a tribute to these once great civilizations. The aforementioned civilizations had learned advanced forms of town planning and pictorial writing techniques, which is writing with the help of symbols and diagrams. During 327 BC, Alexander the Great conquered the region with the Macedonian military under his command. Afterward, Mauryans, a group originating in the Indian region conquered the northern Punjab area, they were then succeeded by the Greco-Bactrian. Diverse religions were practiced as a consequence of this constant regime change: Buddhism prevailed under the rule of the Mauryans, and when the Arabs arrived in the eighth century, Islam became the dominant religion of the sub-continent.

There were two main principalities during the reign of the Arabs, one al-Munsurah and the other Multan. Ghaznavid sultans dominated Punjab during the 11th century. The following superiority of the Mughols, which came from Central Asia, reigned the period 1536-1707; their reign lasted on the surface till 1857. They created an urbane royal government and have left a pompous heritage of cities surrounded by walls, gateways, gardens, tombs and mosques, all testaments to their architectural prowess. In the early 17th century European traders travelling thousands of miles through the Ocean reached the Indian Continent. The British graduated to be the governing force in the region using the East Indian Company. The British took direct control after an unsuccessful revolt by the locals in 1857. Overtime a nationwide Muslim individuality emerged; led by leaders the like of Sir Syed Ahmed Khan (Groupe Société Générale, 2019).

As the people of the sub-continent became ever desperate for self-government, it was ever more apparent that the interests of Muslims and Hindus could in no way be settled. The movement to found a sovereign Muslim state came to the forefront throughout 1920s and 1930s. The movement was led by the brilliant poet philosopher Allama Mohammad Iqbal and the esteemed Lawyer and later politician Jinnah. Pakistan was formed, as an Islamic country, out of the division of the British Indian Empire, on the now historical date of 14th August, 1947. Pakistan initially had two separate territories with 1000 miles of Indian territory, a western territory which is now Pakistan and an eastern territory now Bangladesh. Soon after partition, war ensued between Pakistan and India over Kashmir; this led to the mass migration of Hindus, Sikhs and Muslims to relocate inside the new-fangled borders, a turmoil which led to hostility, economic failure and casualties on a huge level. With the influx of Muslims from India

and exodus of Hindus and Sikhs from Pakistan, Pakistan became a nearly exclusively Muslim people. Jinnah, honored as the Quaid-E-Azam translating to great leader, passed away in 1948 (Groupe Société Générale, 2019).

4.2. Silk Route

The Silk Route used to be a system of trade routes that connected the world to the Global West in the east, and it conducts financial, educational, religious and political relations among these areas commencing the 2nd century BC. The 18th century highway silk mainly consists of ground routes linking regions of East Asia and Southeast Asia to Persia, the Arab continent, south Asia, Southern Europe and East Africa. The name 'Silk Road' carries historical significance as it originates from the profitable trade of silk that was conducted across it, commencing from the Chinese Han empire in (207 CE–220 CE). The Han Empire extended the sector of the trade routes in Central Asia now known as the Silk Road in the region of 114 CE during the assignments and journeys of the Chinese royal representative Jhang Xian, in addition to numerous armed occupations. The Chinese were greatly interested about the safety measures of their trade products, and expanded the great wall to protect their trade route. The business made possible by the Silk Road has put in a momentous role in the progress of multiple civilizations including that of Japan, Korea, China, Europe, the Indian subcontinent, Iran, the Horn of Africa and Arabia, creating opportunities for long-distance trade and industry dealings among the civilizations. Although silk used to be the chief trade article sold abroad from China, numerous additional commodities and thoughts were swapped, as well as beliefs (particularly Buddhism), syncretism viewpoints, sciences, and expertise similar to paper production plus gunpowder. Consequently, as well as financial trade, the Silk Road also served as a means for intellectual trade amongst the civilizations along its system. Negative effects such as the spread of disease are also aided by trade routes it is thus mentioned that ailments, most remarkably plague, also spread down the Silk Road (Whitfield, Susan, 2004).

4.3. History behind the Name

The name Silk Road is derived from the profitable trade of silk. Silk was initially produced in China and was a main cause for the development of business routes into a widespread transcontinental association. The German phrase Seidenstraße ('The Silk Road') was invented in 1877 by Ferdinand von Richthofen; he completed multiple visits to China as of 1868-1872. Even though the term originated in 19th century, it does not get extensive recognition in the academic world nor gain recognition amongst the community till the 20th century. The original manuscript written about the route entitled 'The Silk Road' is by a Swedish geologist Sven Hedin in 1938. Utilization of the expression 'Silk Road' is not devoid of its critics. For example, Warwick Ball maintained that the nautical spice business between India, Europe and Arabia used to be extremely more significant used for the financial system of the Roman kingdom as compared to the silk business with China, the marine part of it was conducted typically through

India and the land part was controlled by copious mediators for example the Sogdians (Whitfield, Susan, 2004).

The Southern extensions of Silk highway, starting from Khutan (now Xinjiang) to Eastern China, be initially intended for emerald, not silk, until 5000 BCE, and are still in operation for this very function. The expression "Jade Road" would be much more appropriate than 'Silk Road' if not for the much superior and physically broader character of silk traffic; the expression is still operational in China.



Figure 2. Map of the Silk Road including the land route and the maritime route.

Source: silkepc.com.

4.4. Central Asian and Chinese links (2nd CE)

Central Eurasia has enjoyed popularity since very old era for its equestrian community activities, and the land Plain Route from corner to corner the northern plains of Central Eurasia were engaged way earlier than that of the Silk Road. Archeological locations for instance the barrel graveyard in Kazakhstan, established that wandering Arimaspians tribes were not merely breeding livestock for the purposes of business but were furthermore grand craftsmen capable of propagating wonderful pieces of art all along the Silk Road. As far back as the 2nd century BCE, nephrite emerald was mined from the regions of Yarkand and Khotan and traded with China.

Considerably, these excavations were not far away from the lapis lazuli and spinel mines in Bedakhshan, moreover, even though divided by the formidable Pamir Mountains, routes crossways were used long ago. A number of leftovers of most likely Chinese silk timed on or after 1070 BCE have originated in prehistoric Egypt. The vast haven cities of Central Asia contributed a vital part in the successful implementation of the Silk Road traffic. The instigating cause appears satisfactorily dependable, but silk demeans swiftly, so it is difficult to confirm if it was refined silk or a type of natural silk, which is suspected to have originated from Middle Eastern or the Mediterranean regions (Whitfield, Susan, 2004).

Subsequent acquaintances among urban China and itinerant western boundary lands in the 8th century, the precious metal gold was pioneered from Central Asia, and Chinese emerald carvers began to build replica drawings of the prairielands, implementing the Scythian-style creature painting of the steppes. This method is predominantly replicated in the rectangular shaped strap tablets completed with bronze and gold, with further variations in emerald and steatite. An influential entombment close to Stuttgart, Germany, constructed during the 6th century, was dug up and it was discovered containing not just Greek bronze artifacts but as well as Chinese silks. Resembling animal-shaped bits of art and combatant ornamentations on straps have been discovered in Scythian burial locations originating from the area of the Black Sea the entire way to militaristic regions period archaeological locations in Shaanxi in China and Inner Mongolia. The development of Scythian civilizations, starting from the Hungarian plain and extending to the Carpathian peaks to the Chinese Kansu passageway, and connecting the Middle East with India and the Punjab, unquestionably contributed an imperative part toward improvement for the Silk Road. Scythians escorted the Assyrian leader during his incursion of the Egyptian regions, and the characteristic triangular arrowheads they used were excavated from the region of Aswan. The wandering nations were reliant upon bordering established peoples for a multitude of essential equipment's, as well as marauding susceptible arrangements for these merchandises; in addition, they promoted long-distance traders as a basis of proceeds during the obligatory reimbursement of tariffs and taxes. Sogdians played a chief part in assisting business in the form of trade among China and Central Asia down the Silk Roads by the 10th century.

4.5. Royal Persian Road (500 - 330 CE)

Near the point in time of Herodotus which was in 475 CE the imperial highway of the Persian kingdom was an awesome 3000 km distant metropolis of Susa in Karin which is east 250 km from the River Tigris to docks of Snyrma, the present İzmir in Turkey near the Aegean Sea. It was preserved and defended by the Achaemenid kingdom and maintained postal positions and dispatches at standard intermissions. By comprising fast horseback riders prepared at every dispatch point, imperial dispatch riders may possibly bring letters and go across entire span of the highway in just nine days, at the same time as typical voyagers required almost three months (Whitfield, Susan, 2004).

4.6. Empire Expansion (329-10 CE)

The subsequent chief task in route to expansion of the Silk highway proved to be the extension of the Greek kingdom of Alexander the Great into Central Asian regions. In pursuit of the aforementioned goals in August 329 CE, at the jaws of the Fergana basin in Tajikistan, Alexander established the town of Alexandria Ecshate translated as "Alexandria the Farthest". The Greeks stayed in Central Asia for three following centuries, initially during the management of the Selucid kingdom, and next through the organization of the Bactrian-Greek

Empire which lasted from 250 BCE to 125 BCE in the Bactrian region which is the contemporary Pakistan, Tajikistan and Afghanistan and afterward Indo-Greek Empire from 180 CE to 10 CE in contemporary Northern Afghanistan and Pakistan. They sustained their expansion eastward, particularly through the period of influence of Euthydemus from 230 BCE to 200 BCE, who furthered his power further than Alexandria Eschate to Sogdiana. It is evident from the archeological remnants that they might have piloted missions in so far as Kashgar in Chinese Turkestan, leading to the initial recognized links amid China and the West about 200 BCE. The Greek historian Strabo inscribes, “They completed their kingdom as far as the Sieres and the Phryni” (Whitfield, Susan, 2004).

4.7. Modern Silk Route (20th – 21st century)

Following an earthquake Tashkent in Central Asia during the year 1966, the town was forced to reconstruct itself. And even though it acquired a gigantic charge on the condition of their marketplace, this bold step aided in the commencement of a renewal of contemporary Silk highway municipalities (Whitfield, Susan, 2004).

4.8. Railway

The Eurasian ground connection which is a network of railway lines throughout Kazakhstan, China, Russia and Mongolia, is every so often passed on to as the “New Silk Road”. The final connection of one particular railway route project concluded during 1990, on this day the railway tracks of Kazakhstan and China linked at Alutaw Pass (Alushan Kuo). During 2008 this track inured to unite the municipalities of Ürümqi in Ximjiang Province, China with the metropolitans of Alamaty and Noor-Sultana in Kazakhstan. In October of 2008 the foremost Trans-Eurasia cargo train arrived at Hamburg, Germany from Xiamgtan, China. Since 2011 the track erstwhile employed by a cargo service that linked Xhongqing, China to Duisburg, Germany, effectively reducing time needed for cargo to travel from about thirty-six days when transported using container ship to a mere thirteen days by means of cargo train. During 2013, HP started shifting hefty cargo trains containing laptops and computer screens across this rail road. In January 2017, the first train dispatched to London. The set of connections also attaches to the Spanish cities of Milan and Madrid.

4.9. The Belt and Road Initiative (BRI)

In September 2013 at a conference in Kazakhstan, The President of China Ji Jinping initiated a proposal for a modern Silk Road which will connect Europe to China. The most recent versions of this proposal, which is named as the ‘Belt and Road Initiative’, consists of a terrestrial Silk Route Economic band as well as a contemporary nautical Silk Route, with principal positions in Ürümqi, Dostyck, Noor-Sultan, Gommal, the Belarusian town named Berst, and Polish cities Małaszawicze and Łudź—they later served as centers for the purposes

of storage and trans-shipment to further European countries. On 15th of February, 2016 there was route alteration; subsequently the foremost train sent off in the proposal reached from eastern Xhejiang region to the Iranian Capital. Despite the fact that this segment in no way concludes the Silk Road–styled terrestrial link amid Europe and China, but a fresh railway track linking Europe to China through the Turkish Capital has recently be set up. The real course went through Bishkek, Alamty, Samurkand, and Dishanbe (Whitfield, Susan, 2004).

4.10. Roads

The Silk highway historically comprised of multiple roads. As it expanded westwards from the early economic centers of China, the terrestrial, transnational Silk Road was separated into two routes namely the northern and southern routes circumventing the Takhlamakan Desert and Lup Nor. Traders all along the route were occupied in ‘relay trade’ which is a form of trade in which commodities altered ‘hands multiple times prior to getting their ultimate destinations’.

4.11. North route

The North route originated at Changan contemporarily known as Xian, an early center of China which was later shifted east in the duration of the Han Dynasty to Louyang. The path was distinct about the 1st century when Han Wadi, the emperor ended persecution by itinerant clans. The northern path passed through the Chinese province of Gaansu from Shanxi Province and further divide into three paths, two tagging along the mountain range to the south and north of the Takhlamakan Desert to retort at Kasghar, and third departing north of the Tain Shin mountains through Talghar, Tarpan and Alamty in what is at present the southeastern part of Kazakhstan. The paths split once more west of Kasghar, and a southern division routing down the Alae Valley towards Tirmez which is located in contemporary Uzbekhistan and Balakh now known as Afghanistan, whilst the supplementary travelled all the way through Kukand in the Fergana Valley in contemporary eastern Uzbekhistan and then west crossing the Karukam Desert. Together, the roads connected the major southern road prior to terminating at early Merv in Turkmenistan. An additional division of the north route curved northwest crossing Aral Sea, going north from the Caspian Sea, and then to the Black Sea. The north Silk highway was a path for convoys and thus transported to China numerous commodities for instance ‘dates, saffron powder and pistachio nuts from faraway places such as Persia; frankincense, aloes and myrrh from the African regions of Somalia; sandalwood from the highly fertile India; glass bottles from the technologically advanced Egypt, and a plethora of other luxurious and sought-after commodities from other fractions of the planet. In return, the caravans carried back with them back locks of silk brocade, lacquer-ware, and porcelain (Whitfield, Susan, 2004).

4.12. South route

The Southern or Karakoram path used to be for the most part a singular course beginning China all the way through the Karakoram Mountains, and it still continues to this day as the present-day Karakoram freeway, a cemented highway that serves as a means of connecting Pakistan to China through land. Then it sets off towards the west, but amid south going branches in an effort to allow travelers to be able to conclude the expedition by ocean from a variety of positions. Voyaging through the lofty mountains, it crossed the northern regions of Pakistan, above the Hindu Kush Mountain range, and entering Afghanistan, retorting to the north course at a place near Merv. in Turkmenistan. From there it pursued an almost straight past west across hilly regions of Mesopotamia, northern Iran, and the north edge of the Syrian Desert to the Levant, where Mediterranean merchant ships practiced customary paths to Italy, at the same time as land paths departed either south to North Africa or north across Anatolia. An additional bough highway travelled from Haret through Susa to Charaz Sipasnu at the top of the Persian Gulf and transversely to Petra and then Alexandria plus additional eastern Mediterranean docks where crafts accepted the freight to Rome.

4.13. Southwestern route

The Southwestern path is comprised of the Ganges Delta; it remains to be an area under discussion of worldwide attention for more than two centuries. Starbo, the 1st century writer of Roman descent, talks about of the deltaic terrain: ‘concerning traders that now navigate beginning from Egypt...to the extent of Ganges, they are merely general public...’ His observations remain fascinating because Roman globules and additional equipment are still being discovered at Wuri-Betashwar remains, the primordial metropolitan with ancestry since a lot before, prior to the Bronze era, currently being gradually exhumed next to the aged Brahmaputra in Bangladesh. Ptolemy’s drawing depicting Ganges Delta region, a surprisingly precise endeavor, demonstrated his informers recognized the entire route of the Brahmaputra River, passing all the way through the Himalayas, later meandering west to its starting place in Tibet. Without question this delta used to be a chief global trading hub, more or less without doubt commencing a lot before the Common epoch. Precious stones and additional commodities from Thailand and the Javanese region were bought and sold through it. Chinese archaeological writer Bing Jang and a few previous authors and archaeologists, for example Janice Sturgardt, sturdily recommend the route of global trade as Sichaun-Yunnan-Bangladesh-Burma route. According to Bing Jang, particularly from the 12th century the path was employed to transport gold bars from Yunnan (precious metals; gold and silver remain amongst the raw materials in which Yunnan is affluent), throughout north Burma, entering contemporary Bangladesh, employing the early path, identified as the ‘Ledo’ route. The up-and-coming substantiation of the prehistoric municipalities of Bangladesh, especially Wuri-Betashwar remains, Mahashtanghar, Bithagarh, Bakrampur, Egarshindur, and Sonragaon, are believed to be the global trade hubs of this path.

4.14. Nautical route

Marine Silk Route Road is used to categorize the nautical sector of the imperative Silk highway that linked China to the Indonesian Islands, India, Southeast Asia, Arabia, until Egypt finally reaching Europe. The trade path included multiple water bodies; counting Strait of Malacca, Indian Ocean, South China Sea, Arabian Sea, Gulf of Bengal, Persian Gulf and the Red Sea. The marine road is not separate from notable Southeast Asian naval business, India Ocean business, and Spice trade after 8th century – the Arab maritime trade arrangement. The system furthermore extends east towards East China Sea and Yellow Sea to join the Chinese mainland to the Korean Peninsula and the Japanese Islands (Whitfield, Susan, 2004).

4.15. Silk Road heritage

By far the utmost contribution of the famous Silk Road proved to be the exchange of technology, science, architecture, religion, culture, language, philosophy, art, and all additional ingredients of culture were traded all across these roads, accompanied with profitable merchandise the traders operated from nation to nation. On a negative note disease also traveled across this tradenetwork, as is evident by the transmission of the bubonic plague in 542 CE which is believed to appear in Constantinople thanks to the Silk Route and that destroyed the entire Byzantine kingdom. The concluding of the Silk highway enforced traders to discover nautical routes and discover naval passage ways to practice their business, therefore beginning the Age of Discovery which showed the way to universal communication and the early stages of an international society. For the era, the Silk Road provided to expand human beings perceptive of the planet they resided upon; its conclusion propelled the Europeans to cross the oceanic boundary and discover, and ultimately triumph over, the self-styled New World of the Americas. Thus, the Silk highway can be understood to have launched the foundation for the advancement of the contemporary world (Whitfield, Susan, 2004).

5. Economic sectors of trade

5.1. Types of Economic Sectors

The modern economic system as we know it is divided into sectors with each sector representing the amount of expertise and labor needed to reach from raw material to finished product. We study the **five economic sectors types**:

- Primary,
- Secondary,
- Tertiary,
- Quaternary and
- Quandary.

The first is the primary segment, it is that component of the economy that utilizes harvest grown on the soil, and this sector includes essential foodstuffs plus the manufacture of raw materials alongside their wrapping and dispensation. Primary sector activities include farming, agriculture, quarrying, mining, fishing, forestry, and hunting (Trade with the European Union the Pakistan Business Council, 2018).

The secondary sector is concerned with manufacturing completed products. Manufacturing, construction, and processing are all included in the secondary sector. Actions in this sector include textile production, construction, metal working and smelting, automobile production, aerospace manufacturing, the chemical and engineering industries, shipbuilding, energy utilities, and breweries.

The economy's Tertiary sector is the services trade, giving services to the populace and to commerce. Behaviors consist of all discussed until now as services, as well as trade deals, transport and delivery, amusement, eatery, tourism, indemnity, health care, collection, lawful, and secretarial as an only some cases. In every urbanized country and a few rising countries, the major percentage of personnel are at the present in the tertiary sector.

The quaternary and quinary sectors are also explained by several economists. The quaternary is mainly established in jobs that consist of scholarly activities. These comprise of employment dealing with teaching, technical research, administration, customs, libraries, and IT.

The quinary sector is occasionally judged as a division of the quaternary segment. This sector deals with the uppermost echelon of decision making in a civilization. It comprises of the highest-level administrators in, for instance, science, administration, customs, health care, the media, and colleges.

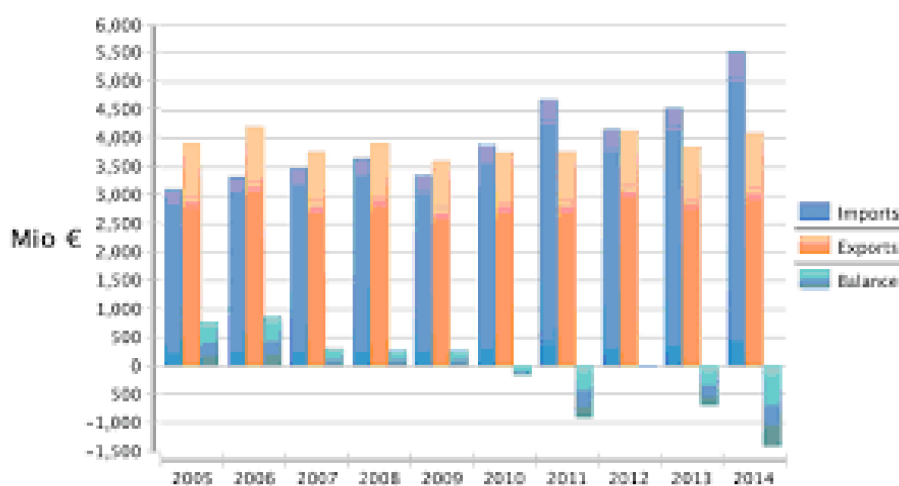


Figure 3. Graph relating Pakistan's imports and exports over a ten-year period (2005-2014).

Source: European Union, Trade in goods with Pakistan.

5.2. Pakistan's imports

Pakistan's imports from the European Union mostly consist of the secondary sector. Pakistani trade in from Europe are primarily consisting of secondary sector goods including products such as machinery and transport equipment which comprised 40.2% of total imports in 2016 as well as chemicals which were 19.5% of total import in 2016. In 2018, Pakistan traded in 60.3 US \$ billion value of commodities globally.

Known Pakistani populace of 207.9 million citizens, its whole 60.3 \$ billion in 2018 trade in interprets to an anticipated \$290 in annual manufactured goods requirement from each individual in the Pakistan. Through a continental point of view, traders in Asia supply nearly three-quarters of overall Pakistani importation produce. Lesser proportions initiate from the European continent (11.9%), North American region (6%), African continent (5.3%), Latin American region (1.2%) not including Mexico but counting the Caribbean, then Oceania (0.7%) led by Australia (Trade with the European Union the Pakistan Business Council, 2018).

5.3. Pakistani exports

Pakistan's exports to the European Union mainly comprise of the Primary Sector. Pakistani sales abroad to Europe are conquered by garments and yard goods, amounting to 82% of Pakistani complete sale to other countries to Europe in 2016. In 2018, Pakistan's mainly precious exported goods were linens, un-knitted and un-crocheted men's outfits and trousers, cotton fiber, rice, natural fiber yarn cloth, rawhide garments or garnishes, interweaved or crocheted men's set of clothes and trousers, woven or crocheted men's shirts, various pieces as well as clothing blueprints followed by ethyl alcohol.

With common terrestrial borders with trade and industry powerhouses like India and China, Pakistan transported supplies about the earth valued at 23.6 billion USD in 2018. The aforementioned dollar sum reveals a -4.4% decline ever since 2014 but an 8% increase beginning 2017 to 2018. Additionally, Pakistan provided services during 2018 an anticipated valued at international 5.3 billion USD encompassing about \$4 billion from business services. Given Pakistan's populace of 207.9 million citizens, its entire \$23.6 billion in 2018 sale abroad interprets to a projected \$120 for each inhabitant in the South Asian nation (Trade with the European Union the Pakistan Business Council, 2018).

5.4. Chances and potentials of future trade

Pakistan and the European Union are constantly looking for new opportunities and initiatives in an effort to enhance bilateral trade and cooperation. In an effort to increase trade opportunities in the future and unlock new potentials the European Union strives in helping Pakistan achieve internal peace and security, as such the European Union supports Pakistan in its fight to battle terrorism and extremism. It is an established fact that Pakistan has put up with extremism further than any other nation and that has adversely impacted its economic capabilities. This was affirmed by Andres Peibalgs, EU Development Commissioner during a lecture on 'The prospect of Pakistan- EU Relations' at The School of Politics and global associations, Quaid-i-Azam University, Islamabad. "We must work mutually in order to fight the danger of radicalism".

Andres Peibalgs believed that even though among the general public of Pakistan collaboration with the 'West' has turned into a contentious subject matter the atmosphere in the European Union is quite different and Pakistan's function in South Asia and in the globe is at the peak of the political program. "EU supervised and maintained the 2008 elections, and presented our complete opinionated support to the latest administration. 'Currently we are prepared to keep on supporting Pakistan in all the sectors which are essential for its autonomous growth. That comprises efforts from our side with the learning institutions, with law enforcement and judicial services, and with the nominated government' he added. Such unwavered support from the EU for Pakistan is of utmost importance and is expected to bring unprecedented growth in bilateral trade between the two regions (The future of EU-Pakistan Relations, 2017).

European Union Commissioner alleged EU to be one of Pakistan's mostly significant overseas markets. And during the course of the past five years the European citizens had financed, by means of their administration and via the Commission, ventures in Pakistan valued at, an estimated, upwards of 300 million € annually. Also there exists the humanitarian assistance provided by the Union after the natural disasters of 2005 and 2010. In 2010 EU responded to the flood without delay, with 430 million € in humanitarian aid packages through various sources. Additionally, millions of Euros were collected by non-governmental organizations (NGOs) and the general European people. He believed that the European people as a whole had concerns regarding that region of the globe. He further added that the Union was focused primarily on two things; understanding between India and Pakistan and harmony in Afghanistan. Europe and Pakistan share a number of principles in common; they have lots of mutual interests and common concerns. He added that the EU pledged Pakistan with their long-term backing and support. The EU is interested in building a strong and dependable affiliation found upon shared benefits. The EU and Pakistan have since come a long way in progressing bilateral relationships ever since the Pakistan-EU Cooperation Agreement implementation in 2004. The EU has toughened their political discourse and their Joint

Commission now convenes regularly. The EU also cooperates in the 'Acquaintances of Democratic Pakistan' faction that is serving to center worldwide awareness on challenges faced by Pakistan (The future of EU-Pakistan Relations, 2017).

VC. Professor Dr. Muhammad Masum Yasenzai in his reception speech held that the EU is not just the financial power house of the globe it in addition does extremely well in the fields of international power and human rights. The associations amid the European Union and Pakistan remain multi coated. The EU remains to be Pakistan's biggest trading associate and has constantly come to aid Pakistan at the time of natural catastrophe such as Earthquakes and Floods. He advised the Commissioner of the EU for educational improvement to allow the Discipline of Politics and International Relations at Quaid-E-Azam International University, Islamabad to agree to a memorandum of understanding (MOU) with The Oxford School of Politics and International Relations and also to sign the scholar's substitute program with the School of African & Oriental Studies (SOAS). 'This shall encourage lasting collaboration among Pakistan and the EU. Venture in schooling reinforces the Unions purpose of democratic system endorsement and superior control in Pakistan. Quaid-e-Azam International University is the solitary community sector institution of higher education in Islamabad, with a factual depiction of every province owing to quota method of student enrollment in every one of its programs. Quaid-e-Azam International University regards its affiliation with the Union important & noteworthy at all levels' he said. An event was attended by a large number of students and faculty members.

6. Most influential factors affecting foreign trade

A number of factors affect trade between two nations. These factors may be broadly categorized as internal and external factors. Here we shall attempt to gauge what affect different assessable internal and external factors have on trade between the European Union and Pakistan (Trade with the European Union the Pakistan Business Council, 2019).

6.1. Internal factors

Impact of Inflation

In the case the inflation rate of a country remains increasing in relation to the nations with which it does business, its current account will decline, and this trend is easily observable when taking a look at the import and export imbalance between Pakistan and the European Union. As discussed, earlier Pakistan's exports to the EU being majorly primary sector goods attain less revenue as compared to EU's exports to Pakistan which are mostly secondary and Tertiary sector goods thus scoring much more revenue and ever increasing the import export deficit between the two regions. Consumers and corporations in Pakistan mostly acquire more

commodities overseas (due to soaring home inflations), although its sale abroad to other states turn down.

Impact due to National Income

In the case a nation's income point (national income) enhances by a superior proportion than that of other countries, its current account is estimated to diminish, additional factors remaining unchanged. While the actual revenue level (accustomed for price rises) increases, thus does the utilization of supplies. A proportion of that raise in expenditure will almost certainly reflect an increased demand for distant commodities. Thus, it is seen that Pakistan should be able to gain from the increase in EU's national income as it will be able to export more goods to the European market. Similarly, with an increase in national income in Pakistan the European Union will also be able to benefit by increasing its exports to Pakistan (Trade with the European Union the Pakistan Business Council, 2019).

Impact due to Government Policies

A state's administration is able to comprise a main consequence on its equilibrium of trade owing to its guidelines on sponsoring exporters, limitations on trade in, or be deficient in enforcement on piracy. This is a major point in the EU-Pakistan trade relations as we seen that Pakistan has historically suffered from poor governance and sub-par policy making. If Pakistan is to increase bilateral trade with the European Union it must be clear and transparent in policy making. The European Union may also be able to help Pakistan by launching initiatives that promote political harmony and relations between Pakistan and itself.

Restrictions to Imports

In the case a nation's administration inflicts taxes on importation merchandise (regularly dubbed tariffs), the cost of overseas produce to domestic customers are in fact augmented. Tariffs forced by the United States administration are usually lesser than those forced by other administrations. A few businesses, on the other hand, are better protected by tariffs than others. Countries including the United States impose heavy import restriction on certain products in order to protect their home markets. Although Pakistan and the European Union enjoy trade at relatively friendly terms, if growth is to be expected drastic steps in the right direction must be taken.

6.2. External factors

Lack of limitations on Piracy

In a few instances a government may have an effect on intercontinental trade courses by its deficiency in limitations on piracy. Within China, the practice of piracy is awfully widespread; persons (referred to as pirates) fabricate counterfeit Computer Disks and Digital Video Disks that look more or less just like the genuine product created in the US and other nations. These CDs and DVDs are then sold locally at a price much lesser than that of the genuine creation. These CDs and DVDs are even sold to markets. It is anticipated that

U.S. manufacturers of music, film, and software lose 2 billion \$ in deals annually due to piracy inside China.

Such lack of policy restrictions on piracy are also rampant in Pakistan and negatively affect trade between Pakistan and the European Union. It is estimated that a number of software and Information Technology firms tend to reserve investment and cooperation with Pakistan due to its lax piracy laws. Pakistan would benefit tons by creating and implementing piracy laws (Trade with the European Union the Pakistan Business Council, 2019).

Impact due to Exchange Rates

Every nation's money is priced with respect to other currencies via exchange rates, such that legal tenders can be substituted to ease global dealings. These exchange rates have a chief impact on business amid two nations. The country whose currency is less valuable, in this case Pakistan would benefit much from exporting to the European Union thereby earning more profit due to the impact of the exchange rate. The European Union would be better off by partnering or investing in Pakistan in order to benefit more from trade with Pakistan.

7. PESTLE Analysis

PESTLE analysis is employed within the business world to estimate and analyze the growth potential of any business venture. According to business studies behind all triumphant achievement of any corporation, there is a team devoted to efficient tactical preparation. At the same time as attaining its objectives assists the corporation to develop within its business, devoid of a steady approach and a capable panel to implement it, a corporation cannot strengthen. If a corporation desires to accomplish an objective, it should furnish an efficient approach to achieve it. The policy ought to be aimed at setting priorities, allocating resources, deciding on a period, coming up with managing systems, assigning human resources and must contain course of action as to how all of the aforementioned facets ought to be treated in order to accomplish the explicit objective in the most efficient manner feasible. Your corporation might have a devoted and expert panel, but how to ensure the policies they procure are useful or not? The response is fairly straightforward; carry out a PEST analysis (Essays, UK, November 2018).



Figure 4. Infographic demonstrating the various factor dealt by the PESTLE analysis.

Source: www.ibisworld.com.

What constitutes PEST analysis?

PEST analysis is an extensively employed tactical Preparation instrument. It identifies the various factors including political, financial, communal and technical aspects that might be of consequence for a venture and its preceding preparation procedure. At times it is extended to contain official as well as ecological aspects and referred to as PESTLE analysis.

By the help of the aforementioned analysis, one can identify potential opportunities and threats associated with one's approach and work out techniques to obtain benefit from the opportunities and steer clear of the threats. Political factors take account of everything from tax guidelines, occupation regulations, excise & employment limitations, customer security laws to ecological conventions and political strength of a nation etc. Economic aspects comprise factors such as financial expansion pointers, interest rates, inflation charge, substitute rates, monetary guidelines, unemployment tendencies and other such factors. Social factors contain factors like educational facets, vocational outlook, societal classes, age division, health awareness, population increase rate and other similar issues. Technological factors as the name suggests include factors such as pace of technical alteration, knowledge inducements, expenditure on research & development, central road and rail network stage etc. Legal aspects comprise tax regulation, employment regulation and all further laws concerning trade not considered in political reasons. Environmental causes take account of real-life statistics about diverse periods, sun, snow, monsoon etc. Such factors may seem insignificant but prove decisive for a company. Evaluating the above-mentioned aspects aid in gaining a complete comprehension of the exterior (international ecological) aspects that could optimistically or pessimistically influence a corporation's tactical preparation procedure. With right to use to

such information, one is able to rapidly produce policies that would place a corporation on the fast track to attaining its objectives (Country Risk of Pakistan: International Trade).

- a) Envisage all the aspects by listing them together for improved managerial abilities. In terms of taking a decision or policy construction, covering the entire necessary data collectively in a single position is as imperative as having a panel in concert.
- b) A PEST study, comprising of a network with four subdivisions in place of every one of the aforementioned factors, puts together all the significant details needed to make judgments as well as put together fail proof policies. Thus, performing a PEST study before one's tactical preparation meeting is extremely imperative, since it not only helps in being vigilant about verdict building, however it also keeps one on the right track.
- c) It is the most effective way to make out chances and coercion.
- d) Collecting data is merely the primary stride of a PEST study; one time the data is gathered, the subsequent step is to calculate it. By evaluating the information provided by the various factors, one is capable of making out the prospects and pressures attributable to the internal and outer aspects. As a result, one can center on the mainly significant prospects and gaining from them whilst simultaneously coming up with strategies to counter the coercion.
- e) Usually a PEST study is utilized to collect the contribution to be incorporated in the prospects and coercion segment of a SWOT study, which sequentially is employed to create premeditated arrangement verdicts. PESTLE study also offers contribution for the SWOT analysis figures.
- f) PEST analysis grants the capability to collect data from specialists and contrast it with additional features.
- g) A PEST study is not regarding jotting down biased, financial, collective and technical aspects that one just knows of, has heard of or made hypothesis about. One needs to look for figures from specialists who are conscious of contemporary circumstances with consideration to every region (Essays, UK. November 2018).

Such information would be greatly helpful in constructing successful approaches. Subsequent to one separately gathering data for the related reasons the PEST figure will be exceedingly functional in evaluating them with further aspects. This makes it simpler invent explanations for coercions and techniques to build the greatest of the prospects on hand so as to assist one's company in attaining its objectives. A PEST study is an essential element of every tactical planning procedure. Lacking a universal plan regarding the exterior aspects that would have an effect on one's corporation or its approach, one will in no way be capable of reaching one's mark or achieving one's goals. Alternatively, the across-the-board imminent one might achieve by using PEST analysis will guarantee that the tactics one comes up with might be triumphant (Essays, UK. November 2018).

7.1. PEST examination of the European Union (EU)

The following thorough PESTEL study of the EU shall be aimed at exploring a number of the various biased, financial, communal, technical, ecological, and lawful aspects influencing the European Union in present day. The European Union came into being thanks to the efforts of European Economic Community (EEC) which was formed in 1958. The aim of the EEC at the time of its establishment was to augment trade and industry collaboration among the following six nations; Italy, Belgium, France, Germany, the Netherlands and Luxembourg (Rahman, PESTEL analysis of the European Union, 2019).

7.2. How to intensify trade

The European Union and Pakistan have decided to sign a new Strategic commitment Plan aimed at building a sturdy partnership in various turfs. The parties came to an understanding at the fourth round of Strategic exchange of ideas between the Union and Pakistan held in Islamabad. Foreign Minister Shah Mehmood Qureshi piloted the Pakistani side at the dialogue while the Union was led by Foreign Policy Chief Federica Moghireni. Later while dealing with a combined news convention along with EU Foreign Policy Chief, Shah Mahmood Qureshi was positive that the commitment arrangement, which will be officially signed in Brussels, will lay the basis for a brilliant outlook between the European Union and Pakistan. He alleged that the bilateral trade amid the European Union and Pakistan has almost doubled since the award of GSP Plus position to Pakistan in 2013. He held that the current administration is dedicated to improving exports to Europe and repair the trade deficit problem in addition to creating additional jobs for Pakistanis through trade with Europe. The Pakistani Foreign minister stated that he also debriefed the EU designation about the steps taken by Pakistan to fulfill the requirements imposed by the Financial Action Task Force (FATF) as well as the steps taken to purify the tribal belt.

The Foreign Minister held that both the parties also held negotiations regarding the status of International Non-Governmental Organizations (INGOs). The Federal Minister indicated that 75 INGOs were listed and operational in Pakistan. He also held that he updated the EU designation that Pakistan was willing to engage with India to determine all out remaining conflicts through a continued discourse as it is the lone rational way ahead. He further added that both the sides were certain that answer lies only in discussion course of action. He emphasized that India and Pakistan were two neighboring Atomic Powers and as such any little conflict between the two would be highly reckless. The Foreign Minister believed Pakistan had always displayed self- control and given a calculated reaction. He added that a variety of steps were taken to deescalate the stress between the two neighboring Atomic powers as well as the urgent freedom of detained Indian pilot. He emphasized that the global community was not unaware to the steps that were taken by Pakistan including the immediate reinstatement of Pakistan's high commissioner to India and reinstating the hotline between the military directorates.

On the topic of Afghanistan, Pakistan's Foreign Minister Shah Mahmood Qureshi held the European Union designation shared Pakistan's apprehension for harmony and steadiness in the region. He was reported as saying that there was no military resolution to the problem of Afghanistan, as is now clear by the recent US-Taliban peace negotiations. He said that the EU delegation respected Pakistan's role in the ongoing Afghan settlement process. Regarding Iran, Shah Mahmood Qureshi stated that the Pakistani delegation enlightened the European side that Iran, being a neighboring country, was extremely important for Pakistan. He also repeated Pakistan's worry regarding the growing Islamophobia in the West. (Khurram Abbas, Pakistan's Relations with European Union, 2015).

Ms. Moghireni, for her part was reported saying that the fresh Strategic Partnership Plan will lay a sturdy groundwork for collaboration between the European Union and Pakistan in an effort to further boost cooperation between the two parties in the future. She believed there was a common approach amid the two sides, counting the Afghanistan issue. She held that both parties had decided to work together on multiple grounds. EU Foreign Policy Chief Ms. Moghireni valued Pakistan's stance explicitly de-escalating stress with India and the crackdown of the Pakistani security forces against the terrorists. She also said that the European Union fully supported Pakistan in its war against terror. The high representative of the European Union also treasured Pakistan's labors for the harmony and constancy in the Afghanistan region.

7.3. Latest challenges to the EU's trade policy

The effectiveness of the Union's trade strategy is owed to the centralized arrangement of the Union and to a general strategy notion common between the constituent nations. The Union is a prominent participant in global business and the world foremost exporter of services. It follows a grand approach of free marketplace which is administrated by carefully planned regulations. The latest free-trade contract which was signed with Japan came to be implemented on 1st of February. The contemporary global business framework has altered owing to callous rivalry given by the up-and-coming nations and the growing distrust of the community of the industrial economies that believe they endure the unconstructive impacts of globalization. In reality, globalization has pulled more than one billion people out of poverty. The fall of multilateralism has an effect on the EU more than ever, since it is dedicated to a rules-based approach to international relations. Even though the EU gained triumph regarding its trade strategy, this will not be adequate to persuade its general public in the forthcoming European voting in May. A social strategy must be added to balance trade openness, jointly with a manufacturing strategy to help the Union preserve its place on the markets.

Past the contestation of economic globalization, the Union trade policy faces a string of challenges to which it will have to adjust (Ana Ballesteros-Peiró, 2015).

8. Conclusions

8.1. Which trade policy model to follow?

Europe's trade strategy, outlined during the 1990's requires an update to improved react to citizens' outlook and to the disputes put forward by globalization. Even though the odious loom causing numerous liberated trade discussions is still practical, its blow on worldwide expansion remains to be limited as 0.5% of the European gross national product (GNP) was anticipated from a liberated trade accord among the citizens of the EU and USA assurance, both in terms of substance and procedure, is deficient.

The Union has succeeded in setting superior lucidity in activity in regards to how the business strategy is administered. Nevertheless, it is exceedingly improbable that this will prove adequate. It may now accustom its trade strategy towards:

An effectual defense of its own welfare that the constituent nations are no longer able to assure at a nationwide level. It is factual that the European business defense strategy was significantly reinforced in 2017 and 2018, Courses of action that aim to moderate the unconstructive societal brunt of trade gap, many of which are without a doubt out of its trade capability. An absurdity of the trade strategy is that there are no European societal policies to recompense for the communal expenses of free-market economy. This opening has certainly nourished disapproval of a Europe prone to be too dependent on free-markets.

The conclusion of the domestic marketplace

A further synchronized move toward manufacturing strategy formulation. It can be identified, in the lack of any European manufacturing strategy, the similar contradiction as with the societal policy: a general trade policy for asymmetric economies.

Quite a few of these orientations go further than the trade policy and necessitate advancement towards a nearer financial and political amalgamation, thereby, ensuring a common political will.

8.2. Moving towards a more defensive trade policy?

The European move forward was by no means of "free trade" but rather of "open trade with rules" aimed at of exploiting globalization. Nevertheless, this advance is being disputed by the enthusiasm of emergent countries, the mount of protectionist proposals and an insight by the citizen's view that the trade guiding principle is not adequately defensive.

A domestic discussion was initiated in 2017, markedly by France, on three themes casing both the domestic market and peripheral trade:

1. An amendment of the subsequent employees' decree in the EU, dated back to 1996. France persisted on more stern circumstances, particularly the same wages and home circumstances to be reputable following twelve months. Subsequent to a vigorous

deliberation among the constituent countries a middle ground was established in October 2017.

2. Reciprocity in public procurement.
3. Better management of foreign reserves/attainment of tactical possessions, specifically bynationalized companies.

At the same time as the UK, one of the major proponents of liberated trade wants to depart the EU, and German manufacturing, conventionally not in favor of protective procedures, is sensing the anxiety of Chinese producers, conditions are in early stages of transformation. More than a few initiatives imply by now a more self-protective trade strategy: the restructuring of anti- dumping tools, better spotlight on the appliance of bilateral trade accords, growth towards better power over foreign reserves. The manufacturing facilities of eighteen constituent nations have urged the next Commission to reinforce the resources of the trade strategy as well as to offer an aggressive manufacturing strategy favoring European competitiveness. The EU's trade strategy direly needs to be redesigned. To be comprehended by the people it has to be held up by European scale community dealings to poise trade honesty in a sufficient way. Trade candidness has to be backed by a European industrial approach, so that it has the resourcesto keep hold of its position on acrimoniously uncertain global marketplace. While the Unions trade plan achieved optimistic results once, that might not be enough in the way of conveying thesupport of populace for the subsequent European voting. This May, the Union is due for a rendezvous with its people.

8.3. How to overcome these challenges?

A compound of internal and external factors affecting trade between the EU and Pakistan has been discussed in the prevailing document. A holistic approach needs to be followed in order to enhance bilateral relations between the two entities. A host of programs ranging from cultural exchange programs to development and aid programs have already been employed in the pursuit of betterment of relations.

Furthermore, other initiatives in the Tech and IT industry may also be employed in an effort to not only improve bilateral relations between the two entities but also as a means of transfer of knowledge from a more advanced nation to a less advanced nation. Political initiatives have beenlaunched in the past but political programs aimed at improving trade between the two nationswill prove to be highly effective.

References

1. Abbas, K., Khan, M.N., (2017). Pakistan-US Relations Under Trump Administration: Opportunities and Challenges for Pakistan. *Journal of Security & Strategic Analyses*,3(2), pp. 90-117.
2. Castillo-Triana, R. (2001). Legal Aspects of Equipment Leasing in Latin America. *Legal Aspects of Equipment Leasing in Latin America*, pp. 1-416.
3. Das, M. (2019). Financing of Terrorism in a Globalised World: A Case Study of Pakistan. *Emerging Conflicts and Regional Security in South Asia*, p. 172.
4. Fatima, Z. (2018). A brief overview of GSP+ for Pakistan. *Journal of European Studies (JES)*, 34(2), pp. 81-100.
5. Fuerea, A. (2021). EU-UK Brexit Agreement and its main legal effects. *Challenges of the Knowledge Society*, pp. 419-423.
6. Goñi, N., Ramírez, R., Vidal, A. (2020). *Strategic analysis report*, April 2020, pp. 1-68.
7. Howorth, J. (2014). *Security and defence policy in the European Union*. Bloomsbury Publishing, pp. 415-617.
8. Islam, M.S., Rahman, M.R., Prodhana, M.D.H., Sarker, D., Rahman, M.M., Uddin, M.K. (2021). Human health risk assessment of pesticide residues in pointed gourd collected from retail markets of Dhaka City, Bangladesh. *Accreditation and Quality Assurance*, 26, pp. 201-210.
9. Ismailzade, F., Krnjević Mišković, D., Pashayev, H., Aghayev, N., Chetin, H., Japaridze, T., Sachs, J.D., Safayev, S., Seyidov, S., Starr, F., Wimbush, E. (2020). *Baku Dialogues Vol. 4, No. 1, Winter 2020-2021*.
10. Jain, R.K. (ed.) (2017). *India, Europe and Pakistan*. KW Publishers Pvt Ltd., pp. 1-7.
11. Jubber, K.L. (2018). *A cross-cultural analysis of corporate press statements: A case study of Monsanto* (Doctoral dissertation). Stellenbosch: Stellenbosch University, pp. 4157-6176.
12. Kemal, A.R. (1998). Industrial development in Pakistan. *Pakistan Journal of Applied Economics*, 14(1), pp. 107-19.
13. Khattak, S. (2020). *The European Union's external relations: example of EU & Pakistan* (Doctoral dissertation). Université Paris-Saclay, pp. 490-617.
14. Khorana, S., Martínez-Zarzoso, I. (2020). Twenty-First-Century Trade Governance: Findings from the Commonwealth Countries. *Contemporary Economic Policy*, 38(2), pp. 380-396.
15. Ludmila, B. (2020). Public perception of human trafficking: a case study of Moldova. *Comparative Migration Studies*, 8(1).
16. Majeed, M.T., Malik, A. (2017). Selling souls: An empirical analysis of human trafficking and globalization. *Pakistan Journal of Commerce and Social Sciences (PJCSS)*, 11(1), pp. 353-388.

17. Mendoza Cassere, D., Valencia, G.E., Cárdenas-Gutiérrez, J.A. (2018). An integral PEST study of biomass as energy resource. *Contemporary Engineering Sciences*, 11(64), pp. 3167-3176.
18. Mirjat, N.H., Uqaili, M.A., Harijan, K., Valasai, G.D., Shaikh, F., Waris, M. (2017; 2025). A review of energy and power planning and policies of Pakistan. *Renewable and Sustainable Energy Reviews*, 79, pp. 110-127.
19. Mustafa, A., Qayyum, A. (2016). Impact of technical barriers to trade on trade between China and Pakistan. *The Pakistan Development Review*, pp. 235-250.
20. Soomro, M.I.A.A., Ansari, I.A. (2022). The GSP+ and Exports of Pakistan to the European Union. *Journal of European Studies (JES)*, 38(2), pp. 38-54.
21. Stang, G. (2013). *Building a Secure Future for Pakistan: A Role for the EU*, pp. 1-21.
22. Ulubeyli, S., Kazanci, O., Kazaz, A., Arslan, V. (2019). Strategic Factors Affecting Green Building Industry: A Macro-Environmental Analysis Using PESTEL Framework. *Sakarya University Journal of Science*, 23(6), pp. 1042-1055.
23. Whitfield, S., Sims-Williams, U. (eds.) (2004). *The Silk Road: trade, travel, war and faith*. Serindia Publications, Inc., pp. 1-100.
24. Wolf, S.O. (2019). The GSP+ Conundrum and the CPEC's Impact on EU-Pakistan Economic and Trade Relations. In: *The China-Pakistan Economic Corridor of the Belt and Road Initiative: Concept, Context and Assessment* (pp. 243-260). Cham: Springer International Publishing.
25. www.cigionline.org, 17.12.2019.
26. www.coursehero.com, 15.12.2019.
27. www.css.ethz.ch/en, 19.01.2020.
28. www.dw.com/en, 27.01.2020.
29. www.ec.europa.eu, 15.10.2019.
30. www.eeas.europa.eu, 15.10.2019.
31. www.en.wikipedia.org, 19.10.2019.
32. www.geo.tv, 5.02.2020.
33. www.global-counsel.com, 11.02.2020.
34. www.goi.org, 5.01.2020.
35. www.howandwhat.net, 22.11.2019.
36. www.import-export.societegenerale.fr, 27.10.2019.
37. www.ipripak.org, 22.12.2019.
38. www.m.economictimes.com, 6.11.2019
39. www.pbc.org.pk, 7.11.2019.
40. www.politico.eu, 5.11.2019.
41. www.qau.edu.pk, 21.10.2019.
42. www.radio.gov.pk, 21.10.2019.
43. www.robert-schuman.eu/en, 11.01.2020.

44. www.thecommonwealth.org, 17.10.2019.
45. www.ukessays.com, 12.11.2019.
46. www.unodc.org, 5.11.2019.
47. Zajączkowski, J., Wolf, S.O. (2014). EU-Pakistan relations: European perspectives at the turn of the twenty-first century. In: *The Merits of Regional Cooperation: The Case of South Asia* (pp. 131-151). Cham: Springer International Publishing.