

The purpose of this research was to provide a comprehensive analysis of international trade in order to evaluate and determine the challenges it poses, and opportunities, it offers to Pakistan's Cotton, Textile and Apparel Sector. The research is based on secondary data sources. World Bank, WTO, UNCTAD, and a lot of other valuable and authentic reports from the authors of repute have been consulted to understand the increasingly complex international trade relations in a globalizing world. Volumes of government reports, position papers, handouts and books have been searched to appreciate the dynamics of Pakistan Cotton, Textile and Apparel Sector.

The research thesis endeavors to capture where the challenge is. What is at stake? Who are the players? What are the opportunities in the international market place? How these challenges can be translated into opportunities? Brief account of recent trade development and the relationship between global and domestic trading arrangements have been discussed. Role of politics in shaping decisions and managing power both at domestic and global level, significance of international commitments, and influence of historical, cultural backgrounds, shared ideas and beliefs, and individual mind set in competing interests in the domestic economy have also been dilated upon.

Analytical findings reveal that Pakistan has comparative edge on the basis of comparative advantage, revealed comparative advantage, relative trade advantage, and trade complementarities. The estimated value of revealed comparative advantage of cotton in Pakistan is 18 which is very high than unity which implies that Pakistan has great opportunities in the export of cotton and cotton manufacturing. Moreover, the estimated values of Balassa and LaFay index for all cotton and cotton products are very high which reveal that Pakistan has trade competitiveness in the cotton and cotton manufacturing. The estimated value of relative trade index for primary products, cotton seed, cake of cotton seed and cotton linter, are positive which imply that these products are highly competitive, while oil of cotton seed and cake of cotton seed are uncompetitive.

Furthermore, the value of trade complementarities variable for USA, EU, Japan and Canada (trading countries) are greater than unity except SAARC countries. This means that trading with SAARC countries in cotton and cotton products is less profitable as compared to other countries where cotton trading is highly profitable. Still domestic resource cost analysis (DRC) proves that Pakistan has greater opportunities in cotton production. The values of revealed comparative advantage and relative trade advantage further suggest that Pakistan has greater opportunities and prospects for exporting cotton and cotton manufacturing. Similarly trade complementarities show and suggest that Pakistan should focus on Middle East market with highest trade complementarities, followed by Canada, USA, EU, SAARC countries and then Japan. Bt transgenic cotton is widely grown in the cotton growing areas of Sindh and Punjab.

But cotton can play a significant role to enhance agricultural productivity as the productivity of cotton in Pakistan is 0.5 ton/ha as compared productivity of Bt cotton in China is 9 ton/ha which implies a huge cotton productivity gap. This gap can be narrowed down by the adoption of Bt cotton in Pakistan which will have major impact on food security efforts in the country. Urgent

efforts are required to focus on cost efficiency, higher productivity with quality of cotton, export diversification of cotton products, export oriented policy and market perspective to become more competitive in the global cotton market. There is also a need to strengthen the cotton - textile value chain with back ward and forward linkages. Unique products have to be developed, and a shift from comparative advantage to competitive advantage is the way forward.