Getting Real on Trade with Pakistan: Duty-Free Market Access as Development Policy

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assisted by Caroline Decker

Abstract

The combination of relatively high American barriers to trade in textiles and apparel and the importance of the sector to the Pakistani economy make increased market access a potentially powerful tool of U.S. policy. Unfortunately, recent proposals to extend duty-free market access for Pakistani exports restrict the product and geographic coverage so severely that they would be meaningless in practice. Moreover, the analysis in this paper suggests that the concerns about job loss in the U.S. textile industry from broader coverage are exaggerated. A serious trade package for Pakistan would expand the geographic coverage to allow duty-free imports from all of Pakistan, expand the product coverage for clothing, and cover all other Pakistani exports as well.

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Introduction

Under the Enhanced Partnership with Pakistan Act of 2009, the United States will provide $7.5 billion over five years in aid to Pakistan while it continues to tax imports from Pakistan at a higher average rate than all but a handful of mostly larger and richer economies. Pakistani exporters do not directly pay the import tax (duty), but it raises the cost of their products, making them less competitive and impeding the economic development that U.S. aid is intended to promote. Legislation to address the inconsistency and allow duty-free imports of selected textile and apparel products from designated reconstruction opportunity zones (ROZ) passed the U.S. House of Representatives but then died at the end of the 2010 session. More access for Pakistani exports would not solve the country's deep and serious problems, but, if done right, it could contribute to job creation, the strengthening of the private sector, and economic development in the longer run.

Trade benefits for Pakistan should not replace well-designed aid programs, but *meaningful* trade access should be a part of the package, as Pakistan has long requested.[1] This option would be low cost and it would have a lower risk of unintended consequences than billions of dollars in aid. Unfortunately, special interest lobbying undermined the ROZ legislation introduced in the 111th Congress by Representative Chris Van Hollen (D-MD), along with a similar bill by Senator Maria Cantwell (D-WA). Those bills included restrictions on product coverage, negotiated with U.S. textile industry representatives to garner their support for the bill, and on geographic reach, which was aimed at promoting U.S. foreign policy objectives by creating jobs in the areas bordering Afghanistan (also muting industry opposition) (Bolle 2009). The bill also provides duty-free market access for designated products from Afghanistan without any geographic restrictions. That part of the proposal, along with implications for Yemen and other poor countries is discussed in an annex to this paper.

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[1]For recommendations on how to make aid more effective in Pakistan, see *Beyond Short-Term Thinking: How to Spend Billions Well in Pakistan, for Them and For us* and *Stimulating Pakistani Export and Job Creation: Special Zones Won't Help Nearly as Much as Cutting Tariffs across the Board.* Both reports produced with CGD's U.S Development Strategy in Pakistan Study Group.

As with the decisions on allocation and delivery of aid, U.S. decisions on expanded market access for Pakistani exports will ultimately have to confront choices between short-term goals and long-term development objectives. Given security concerns, the lack of transportation and energy infrastructure in the ROZ zones, and the product limitations, the ROZ proposals risk not achieving even the limited goal of job creation in sensitive areas, much less broader goals of economic development and poverty reduction. A stronger tool is needed.

The Pakistan Trade Opportunity

The opposition to expanded trade with Pakistan is puzzling given the small size of bilateral trade and the purported importance of Pakistani stability and development for U.S. national security interests. The opportunity to promote trade is also significant because the current structure of U.S. trade barriers discriminates against poor countries like Pakistan that are dependent on labor-intensive, light manufactured exports, such as textiles and apparel. The problem and opportunity can be summarized in a few bilateral trade statistics.[2] The data presented below is generally for 2008 to avoid fluctuations due to the global economic crisis.

Pakistan's exports to the United States are small overall, but concentrated and vulnerable to competition from China:

- In 2008, Pakistan exports to the U.S. were $3.6 billion, 0.2 percent of total U.S. imports.
- Of that, 85 percent was textiles and apparel, divided roughly evenly between the two sectors; together they accounted for 3.7 percent of U.S. textile and apparel imports.
- Pakistan's textile and apparel exports to the United States, which had been rising steadily, stalled after the global system of quotas on this trade was eliminated in 2005.

Pakistan's exports face substantial discrimination in the U.S. market:

- Overall, 87 percent of Pakistan's exports to the United States faced import duties, compared to just 30 percent of total U.S. imports.
- Because those items also fall in higher than average tariff categories, the average duty rate of 11.4 percent imposed on imports from Pakistan was nearly three times as high as for all dutiable U.S. imports and 10 times higher than the average rate for all imports (including normally duty-free products).
- The average tariff on Pakistani apparel exports, at 14.9 percent, is almost twice as high as the 8 percent average tariff on textile exports.

[2] In general, data is for 2008 to avoid fluctuations due to the economic crisis and the source is U.S. International Trade Commission, Trade Dataweb, online. http://dataweb.usitc.gov/ .

- Pakistan gains very little from existing trade preference programs, with roughly 5 percent of its exports to the United States receiving benefits under the Generalized System of Preferences.

Underscoring the degree of discrimination, table 1 shows that importers of Pakistani products pay more in duties than those importing from all but 14 other countries, most of them far larger or richer than Pakistan. The table also shows that developing countries in general face unintended, but quite significant, discrimination under the current U.S. tariff structure, and that relatively undiversified Asian exporters are particularly disadvantaged.[3] Pakistan is a bit better off than countries that are more concentrated in exporting apparel, with roughly half of its exports being textiles, which are taxed at about half the rate of apparel on average.

Table 1 Countries with the Largest Import Duty Burdens in the U.S. Market, 2008

Rich or large countries			***Smaller, poorer countries***		
Country	*Duties collected (million $)*	*Duty rate (percent)*	*Country*	*Duties collected (million $)*	*Duty rate (percent)*
China	10,188	7.0	Vietnam	1,130	13.4
Japan	2,364	2.9	Indonesia	856	13.7
Germany	1,383	2.8	Bangladesh	574	16.2
Italy	920	4.7	Thailand	510	8.1
India	761	8.9	Cambodia	407	17.0
Korea	675	3.3	Pakistan	358	11.4
Taiwan	673	5.0			
United Kingdom	400	2.0			
France	391	3.0			

Source: U.S. International Trade Commission, Trade Dataweb, online.

The textile and apparel industries in Pakistan, including production and processing of cotton, are also important sectors for the Pakistani economy, accounting for[4]:

- 60 percent of exports (average for 1990-2005),
- roughly half of total manufacturing output,
- more than a third of industrial employment, and
- just over 10 percent of gross domestic product.

[3] For more detail on how U.S. trade policy discriminates against poor countries' exports, and the weaknesses in US trade preference programs, see Elliott (2009),

[4] Altaf (2008, p. 52); for a summary, see "Pakistani Textile Industry: An Overview," *Asian Textile Business,* February 2004, available at: http://findarticles.com/p/articles/mi_qa5358/is_200402/ai_n21344715/?tag=content;col1.

Thus, the combination of relatively high U.S. barriers to trade in textiles and apparel and the importance of the sector to the Pakistani economy make increased market access a potentially powerful tool of U.S. policy.

The mostly similar bills introduced in the last Congress by Representative Van Hollen and Senator Cantwell construct a tool for using trade to promote development, but they do not give it the heft needed to get the job done. According to a recent Congressional Research Service analysis, the products designated eligible for duty-free treatment under the ROZ bills account for only about half of Pakistan's current exports to the United States, and they are mostly textiles rather than apparel.

Table 2 Pakistani Exports of Textiles and Apparel to the United States, 2008

	Import value (million dollars)	**Tariffs collected (million dollars)**	**Average tariff rate (percent)**
Items eligible for duty-free treatment under ROZ legislation (> 85% in textile categories)	1,479	120	8.1
Items excluded from ROZ legislation (> 85% in apparel categories)	1,534	229	14.9

Source: Bolle (2009).

The strength of the tool is fatally weakened by the restrictions limiting eligibility to designated regions along the border of Pakistan. While the motivation is understandable—to promote economic development and job creation in neglected areas of Pakistan—the impact is likely to be disappointing, given the security and infrastructure gaps in those areas. Currently, the textile industry is overwhelmingly located in Punjab and Sindh provinces and the apparel industry, while less concentrated than textiles, is mostly found around Karachi and Lahore.

Indeed, the combination of product and geographic restrictions could hardly be better designed to render the proposal meaningless. Textile production, on average, is relatively more capital-intensive than apparel, requiring more skills and relying more on economies of scale. Apparel production, which in Pakistan is typically smaller in scale and more dispersed, requires relatively more labor and fewer skills, but is mostly excluded from the proposals. Finally, while the challenges to expanding textile production in the border areas are relatively greater than for apparel, the marginal incentive provided by the ROZ proposals—waiving an average 8 percent tariff—is far smaller than is possible if more apparel were included.

But these weaknesses are not what blocked the proposals. The ROZ bill passed the House but bogged down in the Senate because of differences over the role of worker rights in trade programs. More economically meaningful legislation never even made it to the table because of opposition from the U.S. textile industry. The debate over what labor conditions to attach to a Pakistani trade bill is a deeply partisan one and will have to be resolved through political compromise.[5] The claims that expanded market access for Pakistan would entail significant injury and job loss in the United States can be examined empirically, however, and that is the focus of the remainder of the paper.

Potential Effects of Increased Pakistani Exports to the United States

In order to fully understand the objections to expanded trade with Pakistan, one must understand the U.S. textile industry's strategy for surviving globalization by managing it. After U.S. and European negotiators acceded to developing country demands in the last global trade negotiation to dismantle the Multi-Fiber Arrangement of quotas restricting textile and apparel trade, the U.S. apparel industry saw the writing on the wall. Apparel manufacturing is a labor-intensive activity with little scope for adopting technology and employing relatively more skilled labor to compete, so apparel firms adjusted by focusing on design and marketing and turned to the global market for product manufacturing.

With the offshoring of apparel production, U.S. textile firms that were not producing more technologically-sophisticated products, such as specialized equipment and uniforms for the auto industry or for police and fire departments, lost their main customer and had to look elsewhere. Those firms looked southward, where U.S. policymakers had long experimented with production-sharing arrangements that conditioned preferential market access for clothing and other exports from the region on the use of American inputs in the assembly of final goods for export back to the United States.

Thus, the U.S. textile industry's concern about trade with Pakistan is not direct competition, but the possibility that Pakistani products would compete with Western Hemisphere apparel production that serves as a captured market for U.S. inputs. The next section sets the stage by presenting data on direct competition between U.S. and Pakistani production in textiles and apparel. The following section calculates export similarity indices to assess the potential for Pakistani trade to displace trade between the United States and preferred exporters in Central American and the Caribbean. The final section uses a global trade model to assess the potential general equilibrium effects of expanded market access for Pakistan.

[5] A general discussion of and recommendations for how to exploit the positive synergies between globalization and labor standards, see Elliott and Freeman (2003), particularly chapter 4. See also this short CGD note http://www.cgdev.org/content/publications/detail/13380/.

Direct Competition between U.S. and Pakistani Textiles and Apparel

Pakistani exports are roughly evenly divided between textile mill products, mainly household items such as sheets and towels, and apparel. By 2008, as shown in table 3, 88 percent of the U.S. market for apparel was supplied by imports, with Pakistan's share being less than 2 percent. Most remaining U.S. production is on the textile side of the combined sectors and still accounts for two-thirds of the U.S. textile market. Pakistan exports very little yarn or fabric to the United States, so the main competition is in household products and a few apparel lines, but, as shown in table 3, it does not appear to be much of a threat:

- Just under 13 percent of U.S. production of textiles and apparel is in the sub-sectors where Pakistan exports.
- The overall Pakistani market share is 2 percent and in only one case is it over 10 percent
- Imports generally account for the vast majority of shipments in all but one of the categories where Pakistan exports. And for socks and hosiery, where imports account for a lower percentage of shipments, Pakistan's sales are small.

Table 3 Competing U.S., Pakistani Textile and Apparel Products in the U.S. Market, 2008
(million dollars and percent)

NAICS code	Product	Value of U.S. shipments	U.S. imports from Pakistan	Total U.S. Imports	U.S. Domestic Exports	Import market share	Pakistani market share
314129	Other household textile product mills	3,218	1,251	7,795	429	73.6%	11.8%
315221	Men's underwear and nightwear manufacturing	61	53	2,497	85	101.0%	2.1%
315223	Men's shirt, except work shirt, manufacturing	366	490	9,942	219	98.5%	4.9%
315224	Men's pants, except work pants, manufacturing	158	185	5,914	162	100.1%	3.1%
315228	Other men's outerwear manufacturing	456	173	5,817	152	95.0%	2.8%
315231	Women's lingerie and nightwear mfg	191	49	5,186	95	98.2%	0.9%
315232	Women's blouse and shirt manufacturing	1,415	138	12,762	253	91.7%	1.0%
315239	Other women's outerwear manufacturing	1,318	179	15,183	436	94.5%	1.1%
315291	Infants' cut and sew apparel manufacturing	26	12	2,313	30	100.1%	0.5%
315292	Fur and leather apparel manufacturing	82	48	786	198	117.2%	7.2%
315992	Glove and mitten manufacturing	100	63	992	45	94.8%	6.0%
315111/19	Sheer and other hosiery and sock mills	1,480	147	1,568	334	57.8%	5.4%
313 total	Textiles and fabrics	31,140	154	6,943	8,209	23.2%	0.5%
314 total	Textile mill products	25,263	1,450	14,985	2,600	39.8%	3.9%
315 total	Apparel and accessories	13,201	1,585	76,179	3,071	88.3%	1.8%
TOTAL		69,605	3,188	98,108	13,880	63.8%	2.1%

Source: U.S. Census Bureau, Annual Survey of Manufactures, 2007-2008, and U.S. International Trade Commission, Dataweb.

In sum, there is very little head-to-head competition between Pakistani exports and American production and where there is, Pakistan generally represents a small share of overall import competition with U.S. producers.

Potential Competition between Pakistan and Western Hemisphere Exporters

The impact that the U.S. industry is most concerned about is the potential *indirect* impact arising from competition between Pakistan and other U.S. trade partners, mainly in the Western Hemisphere, that are already party to preferential trade arrangements. Under the rules of origin in both unilateral trade preference programs for the Andean and Caribbean regions, and reciprocal free trade agreements with Mexico, Central America and Dominican Republic, and Peru, exporters of clothing must use American textile inputs in order for their products to be eligible for duty-free treatment under the arrangements.

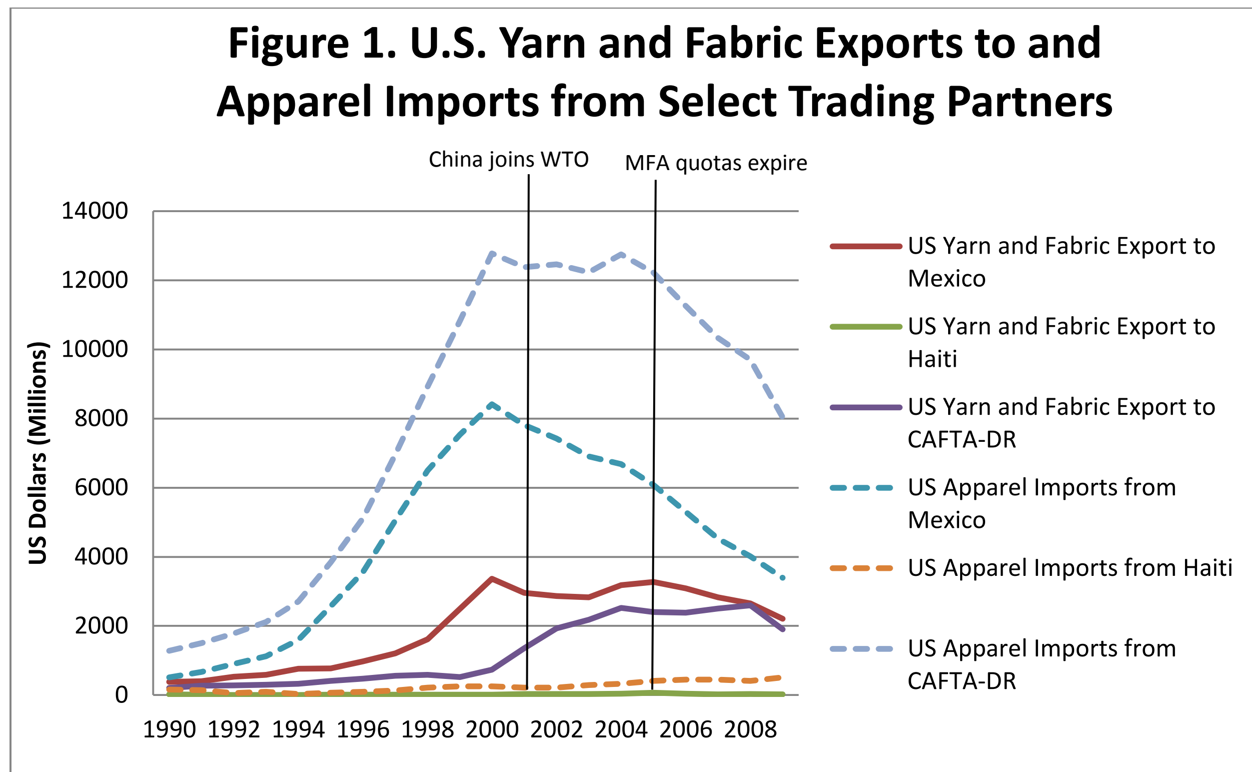
The basic rule of origin for apparel under U.S. trade arrangements is called yarn-forward, meaning that apparel under the arrangement will only be eligible for duty-free treatment if all of the inputs, from the yarn forward, are produced either in the exporting country or the United States.[6] Some arrangements allow for limited regional cumulation, where there are more than two parties to an arrangement. Because Western Hemisphere participants in U.S. trade arrangements, aside from Mexico, do not have much in the way of textile production (and cumulation with Mexico remains limited), this rule interferes with efficient global sourcing, raises production costs and, if interpreted strictly, could significantly reduce competitiveness. Thus, the arrangements provide exceptions, usually allowing global sourcing on designated products up to a capped amount. For example, a major part of the debate on how to promote reconstruction in Haiti after the January 2010 earthquake was over the ceiling that would be set on duty-free imports that could use third-country yarn and fabric.

Even with the exceptions, Mexico, Central America, and the Dominican Republic accounted for roughly half of U.S. global exports of yarn and fabric in 2008 (figure 1 and table 3). But, as the chart shows, regional exports to the United States are declining in the face of competition, particularly from China. So, how big a threat is Pakistan likely to be to this managed trade?

To get an idea of the degree of potential competition, we calculated an export similarity index comparing Pakistan and the key Latin American exporters (Mexico, CAFTA-DR and the Caribbean Basin economies) that have preferential trade arrangements with the United States. The index is calculated as a figure between 0 and 1, with 0 indicating no overlap in exports

[6] This rule is also sometimes called triple transformation because it requires that the spinning of the yarn or thread, the weaving or knitting of the fabric, as well as the assembly of the final product must all be done by parties to the agreement. The European Union's basic rule for apparel is double transformation, beginning with the fabric, which is still difficult for most smaller and poorer countries to meet. The EU recently announced that it would use a single transformation rules for clothing imports from least developed countries under its Everything But Arms preference program.

among comparators and 1 indicating they have identical export baskets.[7] Since we are interested in potential competition within the textile and apparel sectors, we focused on bilateral trade in those sectors and we used the U.S. International Trade Commission trade database, which has import data at the 10-digit level, the most disaggregated available. The resulting similarity index for Pakistani and selected Western Hemisphere exports to the United States is 0.32, indicating a rather modest degree of competition.



Source: U.S. Department of Commerce, Office of Textiles and Apparel (OTEXA), online http://otexa.ita.doc.gov/msrpoint.htm.

A potential criticism of this approach is that it is not a good reflection of what would happen because Pakistan's exports to the United States are distorted by the tariffs imposed. To check whether Pakistan's textile and apparel exports to the world are substantially different from those to the United States, we also calculated an export similarity index for that and the resulting 0.6 value suggests a fairly high degree of overlap. For apparel, the similarity index for Pakistani exports to the world and the United States is 0.71, suggesting there is not a large risk of switching to new export products for the U.S. market. Overall, these results suggest that there is limited direct competition between Pakistan and preferred Latin American exporters.

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[7] $XS(j,k) = \Sigma \min(X_{ij}, X_{ik})$ Where X_{ij} and X_{ik} are industry i's export shares in country j's and country k's exports; see Gasiorek et al. for a more detailed explanation of the index and an application to EU preference programs.

What does general equilibrium analysis tell us?

Trade models that take a general equilibrium approach typically make assumptions that tilt estimates of the impact of trade shocks toward the low side. Thus, the size of the estimates are not precise, but computable general equilibrium models are the best means to get a reasonable idea of the *distribution* of gains and losses from changes in trade policy or other shocks and that is a major area of interest in this paper. I briefly summarize results for two different scenarios involving improved access Pakistani exports, neither of them ideal but both suggestive of the likely effects if the U.S. market is opened to Pakistan.

First, as part of an analysis of the potential effects of extending duty-free, quota-free (DFQF)market access for poor countries, Bouet et al. examined a number of scenarios, one of which included Pakistan as a recipient of such benefits.[8] This particular scenario estimated the trade and other effects for both preference-giving and preference-receiving countries if all OECD countries extended DFQF market access to all UN-designated least developed countries, plus other low-income countries, including Pakistan and Vietnam (designated by the World Bank as low-income in 2007).

Table 3 shows the estimated changes in exports and production in this exercise. The first thing to note is that this analysis suggests that, even with DFQF access for all products, Pakistan would shift production and exports from apparel to textiles. Second, even with DFQF provided to Bangladesh, Cambodia (in the rest of Southeast Asia aggregate), and Vietnam, as well as Pakistan, U.S. production of textiles falls only slightly, while exports actually increase. The results in the table show little impact on Central America, though exports from relatively high-wage Mexico show continued declines (figure 1). The table suggests that the gains for the Asian exporters would be mostly at the expense of other, non-preferred Asian exporters in China, India, and Sri Lanka.[9]

In a different exercise, Hufbauer and Burki (2006)[10] use CGE analysis to model the effects of a US-Pakistan reciprocal free trade agreement. This scenario differs from the one above in two

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[8]The principal aim of that paper was to assess the impact of DFQF provided by various configurations of rich and emerging economies on various groupings of poor countries and there is no scenario focused on the United States alone providing DFQF market access just for Pakistan.

[9] However, Bangladesh, Cambodia, and other LDC exporters would also be at a disadvantage if Pakistan's improved access is not accompanied by DFQF market access for all LDCs, as called for in the Millennium Development Goals. For proposals on how the world should provide meaningful DFQF market access to LDCs, see the report of the CGD working group on global trade preference reform at http://www.cgdev.org/content/publications/detail/1423918. Also, see the annex to this paper.

[10] See tables 8A.6, 8A.11, and 8A.12, and accompanying text.

crucial respects. First, each partner removes all barriers to the other, and, second, U.S. barriers to the LDCs and Vietnam remain. This configuration shows a larger effect on Pakistani exports to the United States, but still small effects on the U.S. and neighboring economies. Pakistani exports of textiles and apparel to the U.S. market increase 44 percent and 65 percent, respectively, and U.S. production is basically unchanged. In a scenario also providing for full implementation of CAFTA-DR and NAFTA, Central American exports to the United States increase and Mexico's hardly change. In that scenario, Pakistani benefits decline, but exports of textiles and apparel still increase by one-third and one-half, respectively.

Table 3 Estimated Impact of Extending Duty-Free, Quota-Free Market Access

(percent change in base-year values)

	Export volume		Production	
	Apparel	Textile	Apparel	Textile
Vietnam	60.24	32.73	39.67	23.17
Rest of South East Asia	10.88	13.22	9.98	11.90
Bangladesh	7.16	4.78	6.32	3.10
US	0.59	0.50	-0.12	-0.84
Mozambique	0.51	-2.82	0.75	-0.39
Turkey	0.36	0.36	0.20	0.03
Rest of Asia and Oceania	0.19	1.69	0.21	1.16
South Africa	0.09	-0.30	0.11	0.43
Central America	0.08	3.43	0.03	1.79
Madagascar	-0.01	-1.06	-0.01	-0.49
Mauritius	-0.43	-0.33	-0.35	0.03
Rest of Latin America	-0.48	-1.02	-0.05	0.08
Indonesia	-0.50	0.35	-0.41	0.16
India	-0.65	-0.77	-0.45	-0.17
China	-1.06	-0.34	-0.68	-0.22
Rest of Africa	-1.08	-1.03	-0.12	-0.05
Mexico	-1.08	-2.60	-0.04	-0.39
Sri Lanka	-1.19	-0.88	-0.92	-0.52
Pakistan	-2.32	5.16	-1.48	2.35

NB: Results are for 2015 in a scenario where all OECD countries grant duty-free, quota-free market access to all LDCs and low-income countries (as designated by the World Bank in 2007), including Pakistan and Vietnam.

Conclusions and Policy Recommendations

Based on the analysis here, there is little reason to think that extending greater market access to Pakistan would entail significant injury for the U.S. textile industry, either directly or

indirectly. And the goal of that access should be broad economic development, which represents a longer but more sustainable path to achieving U.S. foreign policy goals in Pakistan than more constricted options. That calls for redesigning the trade tool based on these principles:

- Expanded geographic coverage to allow duty-free imports from *all* of Pakistan, which would attract new investments more quickly and more sustainably.
- Expanded the product coverage to all Pakistani exports, so that diversification to export products other than textiles and apparel is not discouraged.
- Within textiles and apparel:
    - no exclusions;
    - any caps on sensitive sectors should be set as narrowly as possible and should allow for growth in exports;
    - the rule of origin should be flexible and not create new barriers to trade.

If Pakistan is as essential to U.S. national security as argued, and if the goal is sustainable gains in exports and job creation to support the private sector and stimulate growth and foster political stability in Pakistan, the tool should be adequate to the task. Restricting duty-free market access to unstable and underdeveloped border areas and to product lines covering only about half of Pakistan's current exports, mostly in the more capital-intensive textile sector, would stimulate few new exports and create few jobs.

Annex: What About Afghanistan?

Although the Van Hollen and Cantwell ROZ bills also include expanded duty-free access for Afghan exports, we do not dwell on that part of the proposal for two related reasons. First, the state of Afghanistan's economy and infrastructure are such that a much higher tariff preference would be needed to have an effect in the short to medium run. Nearly 90 percent of Afghanistan's exports are in four categories: antiques, stones and semiprecious stones (other than diamonds), rugs, and "plants and parts of plants used primarily in perfumery, pharmacy, or for insecticidal, fungicidal or similar purposes, fresh or dried, n.e.s." It is not clear from the data, but the latter could be opium imported for legal uses, such as the manufacture of morphine.[11] These categories, and most other Afghan exports, enter under normal duty-free treatment, with no need for preferences because the average tariff is only one percent.

The second reason for not focusing on Afghanistan with respect to the ROZ bill is that Afghanistan falls in the least developed country category. The United States is already committed as part of the Millennium Development Goals and the Doha Round of multilateral trade negotiations to provide duty-free, quota-free (DFQF) market access on at least 97 percent of all products listed in the tariff schedule.[12] That is well beyond what is offered in the ROZ bill (though it should be 100 percent) and would include agriculture, where Afghanistan is more likely to find comparative advantage in the short run.

Another advantage of addressing Afghanistan trade through a general LDC market access bill is that it would also include Yemen, another poor country of intense national security interest. Like Afghanistan, Yemen is unlikely to be able to take much advantage of DFQF market access in the short run, but removing trade barriers as disincentives for exporting is a necessary if insufficient first step. Providing full market access for all LDCs would, of course, open the U.S. market for more competitive exporters in Bangladesh and Cambodia. But those countries still have millions of very poor people and are facing huge challenges from climate change. They can actually take advantage of improved market access, whereas Afghanistan cannot, except perhaps for some agricultural products.

[11] In U.S. trade data, by far the largest category is "miscellaneous manufactured articles," but that is mostly U.S. goods shipped to Afghanistan by the military or other U.S. government agencies and then shipped back.

[12] See the CGD global trade preference reform working group report, op cit.

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