
Pre and post evaluation of Pakistan-Sri Lanka free trade agreement

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Abstract

The purpose of this paper is to evaluate the pre and post impact of Pakistan-Sri Lanka Free Trade Agreement (FTA) on macro economic factors which was operational in June 2005. The simulations are done by using the Global Trade Analysis Project (GTAP) model to quantify the effect of FTA between Pakistan-Sri Lanka. Moreover, up till now, this methodology is not used by any other researcher. GTAP is a Computable General Equilibrium modeling structure of the multiple countries' economy. Results indicate that Pakistan has positive impact on real GDP, trade and welfare while Sri Lanka has negative impact on the same factors. Moreover, the results of this study are coherent with the international trade theories. This research work assists the trade policy makers to adopt appropriate policy for future FTA between Pakistan and Sri Lanka in order to get more gain in the interest of Pakistan.
