Available Online
Journal of Social Sciences Advancement
www.scienceimpactpub.com/jssa
DOI: https://doi.org/10.52223/JSSA25-060216-133

Pakistan's Participation in International Services Liberalization: Insights from WTO and Regional Trade Agreements

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ARTICLE INFO

ARTICLE HISTORY
Received: April 14, 2025
Accepted: June 18, 2025
Published: June 30, 2025

KEYWORDS
Regional trade agreements;
Services sector;
Liberalization;
Secondary data;
Telecom;
Banking;
WTO;
Pakistan

ABSTRACT

This study examines Pakistan's role, opportunities, and policy challenges as a member of the World Trade Organization (WTO), the only global body regulating international trade through multilateral, rules-based agreements ratified by member parliaments. The paper focuses on how Pakistan has pursued trade liberalization, particularly in the services sector, through bilateral, multilateral, and unilateral agreements under the framework of WTO and regional connectivity. The research highlights that Pakistan's services sector—especially banking and telecommunications—has been a major driver of economic growth, contributing significantly to GDP and attracting both domestic and foreign investment. Using secondary data from peer-reviewed journals, policy documents, institutional publications, and credible databases, the study synthesizes existing literature to explore Pakistan's participation in international service trade liberalization. Findings reveal that liberalization policies in the telecom and banking sectors have strengthened their interconnection, enhanced efficiency, and accelerated sectoral growth. The telecom industry's rapid deregulation, in particular, has been pivotal in attracting investment and boosting economic output. The analysis concludes that continued liberalization and complete deregulation of the telecom sector are crucial for sustaining growth and competitiveness in Pakistan's overall service economy. Ultimately, the paper contributes to developing a strategic framework for liberalizing trade in services, identifying research gaps, and understanding key factors shaping Pakistan's service sector within the broader WTO and regional trade context.

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INTRODUCTION

The mission of the World Commerce Organization (WTO) is to advance fair and free trade throughout the world. Manufacturers, importers, and exporters are the main beneficiaries of this organization's activity. The General Agreement on Tariffs and Trade (GATT), the predecessor to the World Trade Organization, was established in 1948. (WTO). The World Trade Organization (WTO) is the newest international organization and was established on January 1, 1995. It is the only organization with a focus on rules governing international trade. The World Trade Organization (WTO) has numerous multilateral agreements in force that all of its members negotiate, adapt, and sign after receiving parliamentary approval. Because of this, the organization is seen as being rule-based. GATT, GATS, and Trade-Related Intellectual Property Rights (TRIPR) are the three key WTO accords (TRIPs). The TRIPs deal with intellectual property rights, whereas the GATT and GATS are focused on commodities and services. The agriculture and Textiles Agreement is part of GATT. International trade legislation is governed by the 164 members of the World Trade Organization (WTO, 2007).

Pakistan joined the World Trade Organization on July 30, 1948, and it has been a member of the GATT since. As of 2008, Pakistan's exports were more than $18 billion. In 2008, Pakistan's top five export product categories were cotton, leather, rice, synthetic textiles, and sporting goods. Of the total number of producers in the category, manufacturers of cotton made up 54.70 percent, those of rice 7.10 percent, and those of leather 6.10 percent. Pakistan must actively participate in WTO discussions to make sure that its own interests are taken into account in the resulting agreements. This goal can be facilitated by forging alliances with other countries that share Pakistan's objectives. Pakistan has bilateral and multilateral trade agreements with numerous other countries and international organizations as a result of its WTO membership. As part of the Pakistan-China Free Trade Agreement, Pakistan and China signed the South Asian Free Trade Agreement. The World Trade Organization membership of Pakistan has both beneficial and negative implications. Pakistan may thus experience a range of difficulties and risks under the WTO system. It is also essential that Pakistan has a range of options that might boost international trade and economic development. Numerous strategies exist for converting threats into opportunities. Our strategies and policies, including those of the public and commercial sectors, have a big influence (Khan & Ashfaq, 2018).

Pakistan in World Trade

In spite of its generally subpar infrastructure, Pakistan has made significant efforts in recent decades to open its economy to the rest of the globe. Both directly and indirectly, the aforementioned WTO accords are expected to benefit Pakistan's overseas commerce. These agreements will result in fewer limitations on imports and exports in the future, which usually boosts competitiveness. This is especially accurate when compared to pre-WTO periods. One of Pakistan's trade policies and practices has, in the opinion of the WTO Secretariat, led to significant decreases in tariffs and non-tariff protective measures. As a result of increasing competition between imports and domestic manufacturing as a result of import liberalization, it is projected that both export efficiency and resource efficiency will grow. Pakistan's poor performance in international trade is partly due to the country's historically inward-focused trade policy (0.2 percent in 1992). In 1992/93, imports made up 19% of GDP, while exports made up 13% of that figure. Intra-industry trade (IIT) rates during the 1990s and 1990s show a low and even deteriorating level of IIT, highlighting Pakistan's isolated and protected economy once more.

Cotton products are a major component of Pakistan's exports. Cotton and products based on cotton make up over 60% of exports. Among the most significant exports from the nation are carpets, rice, fish, and leather products. The top four trading partners for Pakistan in terms of imports and exports are the United States, Japan, and Hong Kong. In recent years, North America has experienced an increase in its export share while Eastern Europe, the former Soviet Union, and the Middle East have seen a fall. Asian and Middle Eastern imports have recently changed to Asian and Middle Eastern imports (WTO, 1995).

Benefits of Pakistan's membership in the WTO

With the new agreement, Pakistan has access to a wide range of new export options and markets. Trade liberalization in the international market is projected to present Pakistan with the most lucrative chances for those goods in which it has a comparative advantage. The Uruguay Round (UR) agreement's main goal was to slow the rise of protectionism. The GATT's most sophisticated and extensive trade agreement was this one. They played a crucial role in the World Trade Organization's (WTO) founding (WTO). If the WTO agreement were to be adopted, the tariffs on Pakistan's main exports to the LDCs and DCs would be significantly reduced. Textiles and clothes, agricultural products, minerals and fuels, and other manufactured commodities will all have their tariffs reduced by 8.9%, 5.1%, 13.3%, and 7.5%, respectively.

The WTO Agreement requires its signatories to reduce trade barriers, control subsidies, countervailing measures, and technological impediments, and remove trade restrictions. As a GATS member, Pakistan benefits from access to lower-cost, higher-quality service inputs as well as greater market access for its own competitive service exports, such as professional and construction services (Ahmed & Ahsan, 2011). Increased monitoring of national property protection laws is necessary as part of the TRIPS agreement. The new law will result in higher royalties and more stringent restrictions on knowledge transfer. Pakistan's intellectual property laws will require a significant revision in order to implement the TRIPs (Mahmood & Kazmi, 1998).

Policy Challenges of WTO to Pakistan's Accession

Pakistan's main barrier to international service trade is the requirement to allow foreign competition in the nation's domestic service sector. The difficulty of this choice is exacerbated by foreign participation and national treatment commitments in Pakistan's financial services industry. However, MFN exclusions for banking and other financial services have been proposed by Pakistan.

Pakistan is up against the increased competition as economies throughout the world undergo restructuring. As a result, Pakistan's ability to conduct business with the DCs in industries with the highest potential for export growth has been limited. The fulfillment of the DCs' ATC commitments worries Pakistan. The tariffs on apparel and textiles are still high in the DCs. The majority of these transfers may be suspended in countries with quota agreements until the phasing-out period is over. Telecommunications options in Pakistan are extremely limited. Pakistan will eventually have to allow foreigners to work in the service industry. Pakistan's services sector must be controlled going forward in accordance with WTO regulations (Mahmood & Kazmi, 1998).

GATS

Several marketable services are currently governed by multilateral laws. However, the initial round of talks has set the stage for additional deregulatory initiatives. By joining the GATS, Pakistan might have access to more affordable and higher-quality service inputs and have better market access for its exports of services that are in high demand, such as professional and construction services (Ahmed & Ahsan, 2011). Pakistan's service sector is ready to grow due to the substantial population of low-wage, skilled laborers in the nation. The expansion of Pakistan's service industry and increased market access both have positive effects on the country's economy. A profitable and effective services sector generates income for Pakistan and inspires other industries to up their game. The DCs are meant to create points of contact where countries like Pakistan can request technical assistance for their service industries.

Throughout the GATS discussions, Pakistan made no significant commitments. Only 27.8% of Pakistan's 108 pledges had no restrictions on market access, and 35.2% of them had no such restrictions on national treatment.

Services Sector of Pakistan and its Overview

Both developed and emerging countries' economies are supported by the swift rise of the services sector (OECD, 2003). The rise of international commerce in services is influenced by a number of variables, such as the liberalization of the merchandise market, deregulatory policies for service providers, and technological advancements. The expansion of Pakistan's service sector over time has been a major economic driver. Its share of total GDP in 2010–2011 was 53, 3%, which points to an economic structural change. 90 percent of the rise in GDP during the preceding fiscal year was attributable to the services sector. The service sector's growth patterns indicate that conditions are essentially stable.

Under the broad guidelines of the WTO, Pakistan is attempting to liberalize trade in services through bilateral, multilateral, and unilateral agreements. Trade in EBOPS services has been liberalized by the WTO, which has resulted in Pakistan receiving request lists from its trading partners for national treatment and market access under four different cross-border supply modes. Over time, the service sector's contribution to Pakistan's economic expansion has increased. The service sector, which accounts for one-third of all open positions and 59 percent of GDP, drives economic growth. Inputs for the service sector are strongly reliant on the manufacturing and agricultural sectors. The following service categories are identified:

1. Wholesale and Retail Trade
2. Transport, Storage, and Communication
3. Finance and Insurance
4. Ownership of Dwellings
5. Public Administration and Defense
6. Social and Community Services

After the GATS was ratified in December 1994, service expansion grew by 5.93 percent. (Table 1). The idea of gradual liberalization served as the foundation for the General Agreement on Trade in Services (GATS). Six subsectors, including telecommunications and financial services, have explicit pledges regarding national treatment and market access. Pakistan pursued an inward-looking manufacturing policy in the early years of its independence. As a result, the services sector during the period had little impact on the economy. When the nationalization program was adopted in 1974, domestic banks were taken over by the government, as well as increasing bureaucratic and political participation in nationalized institutions. The financial sector's yearly growth rate increased to over 7% as a result of the government's efforts to liberalize it in the late 1980s, significantly increasing the GDP's services component (Table 1). However, the services sector started to pick up steam in the late 1990s.

Table 1. The Services Subsector's Annual Growth Rate from 1975 to 2015.

Service Subsector	Growth Rate
Wholesale and Retail trade	5.19
Transport, Storage, and Communication	7.31
Finance and Insurance	7.03
Ownership of Dwellings	5.71
Public Admn and Defence	5.01
Social and Community Services	7.51
Total Services	5.93

Source: (GOP, 2016).

In the United States, the services sector makes up almost 80% of GDP, compared to 71.1% in France, 43.1% in India, and 57.7% in Pakistan (World Bank, 2013). The service industry has grown to be a significant economic driver in Pakistan. It has been the main driver of Pakistan's economic expansion and is essential to maintaining the nation's economy. Its share of the gross domestic product has grown from 39 to 59.16 percent from 1960–1961 (GOP, 2016). The services sector, which was able to rescue the economy from a global financial crisis, was the main driver of the current economic downturn. If Pakistan chooses to expose this industry to foreign competition, it must now decide what role it might play. The simplest method is to look at the several sub-sectors that can boost the country's economy.

The banking and telecom industries are the main subjects of this study. These areas in Pakistan were neglected for a very long time. Initially, liberalism was not particularly popular because it required a financial arrangement and connections to other economies. Pakistan's high tax burden is strangling the nation's telecoms sector. The revenue generated by mobile devices and foreign direct investment in the telecommunications sector has both significantly decreased during the past year (Ahmed & Ahsan, 2011). Prioritizing the expansion of its service sector will help Pakistan raise the standard of living of its citizens and realize its full potential. The liberalization of this market is necessary for this industry to grow. An increased focus on service exports is necessary to boost commerce. Only when potential investors have access to adequate financial resources through appropriate institutional arrangements can a critical growth engine function properly (Mattoo et al., 2006).

Financial Sector

It is common knowledge that stable and effective financial institutions promote economic growth. Pakistan started the financial liberalization process in the 1980s in an effort to boost productivity and stability. However, this plan was thwarted by political and economic unrest. In the 1990s, the Nationalization Act of 1974 underwent revision. In the banking sector, deregulation and financial liberalization were implemented. Deregulation resulted in an instantaneous boom of aimless banks. By promoting the practice, the SBP was instrumental in starting the bank consolidation trend. Although liberalization caused the banking sector to grow, full liberalization was not possible (Abbas & Malik, 2008).

Communication Sector

Data from the country's communications sector shows that Pakistan's telephone density has substantially expanded, going from 2.3 percent in 1999–2000 to 16.1 percent in 2006–2007. To improve productivity, the Republican Party reorganized the telephone business. PTC has originally privatized the government and reorganized a sector policymaker as opposed to a service provider. Under the Pakistan Telecommunications Corporation Act of 1991, it went into operation. Since the Telecommunications Ordinance of 1994 established PTA as an independent regulator, it has been around. The liberalization of the telecoms industry was formally announced in July 2003, and this gave Pakistan's telecom industry a boost. After this declaration, a poll found that foreign direct investment in the business rose by almost 21%, elevating the telecom sector to the position of one of the nation's most significant service providers. The fixed-line and mobile communications sectors in Pakistan were opened to private companies in 2003. The mobile industry achieved total parity in 2006. Nearly 54 percent of all FDI in 2005–2006 went to the telecom sector (PTA, 2014).

National economic figures show that services are gradually overtaking other economic sectors in terms of growth, and that their percentage of the GDP is increasing dramatically. The telecom and financial sectors are given priority because they are more secure. A clear regulatory environment is necessary to encourage healthy, sustained growth. The liberalization of the banking, communications, and financial sectors has led to a significant increase in employment prospects. Liberalization can increase its market share if its advantages and disadvantages are assessed and a suitable regulatory framework is put in place.

Pakistan under the Regional Trade Agreements

An important part of Pakistan's recently released Vision 2025 is regional connectivity. Regional commerce is essential to Pakistan's economic development. Additional attempts were taken to eliminate subsidies and lower import tariffs after Pakistan's 1995 admission to the World Trade Organization and the associated accords. As WTO discussions fell short of addressing every issue related to international trade, demand for free trade agreements grew globally. The Pakistani government has also been pursuing bilateral and regional trade agreements as a potential way to further liberalize commerce. Manufacturing, agriculture, and remittances all play significant roles in Pakistan's developing semi-industrialized economy. In spite of soaring inflation, energy shortages, and dwindling foreign exchange reserves, Pakistan's economy continues to be plagued by political unrest and an unstable security environment. Pakistan was compelled to participate in a number of regional trade accords. There are numerous free trade agreements in place between Pakistan and numerous other nations. It has been in force since Pakistan and Sri Lanka signed their FTA in 2005. The FTA's scope of application was adequate to initially encompass some of the most frequently exported goods. However, there hasn't been much trade between the two countries. This may be shown by the fact that each import market has such a small percentage. In 2015, Pakistan's exports to Sri Lanka were 296 million USD, while its imports from Sri Lanka came to 73.60 million USD. In 2015, this made up 73.60 percent of Pakistan's exports to Sri Lanka (2014). The minimal utilization of this agreement is due to weak commerce and a lack of cooperation between Pakistan's government and the business community. Malaysia and Pakistan have significant economic sway over their respective nations. Signing the Free Trade Agreement in 2006, the two countries vowed to further economic integration; the FTA came into effect in 2008. Intellectual property rights and economic cooperation are among the themes covered by the FTA. In exchange for Malaysia allowing access to its market under the Tariff Rate Quota, Pakistan granted Malaysia "margin of preference" (MOP) status for 138 tariff lines during FTA negotiations (TRQ). The widening of Pakistan's trade deficit with Malaysia suggests that Pakistan will not reap many advantages from an FTA with Malaysia.

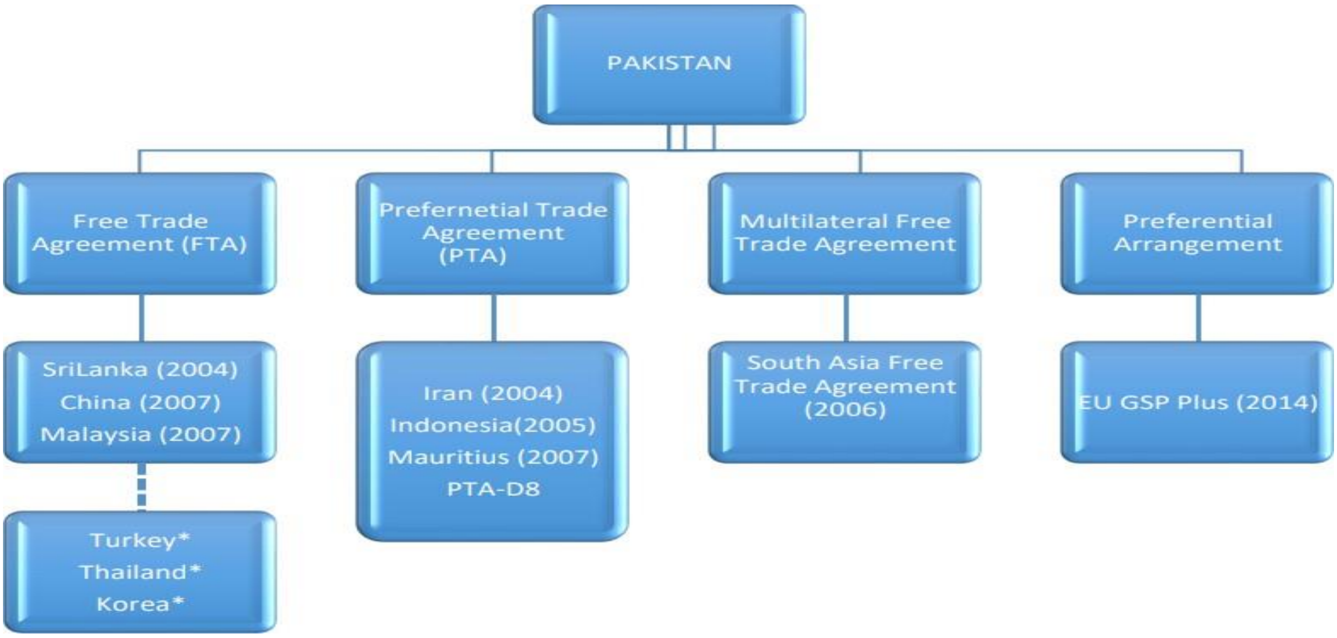

Figure 1. Pakistan Trade Agreements.

There are free trade agreements between Pakistan and Malaysia, Sri Lanka, and China. Pakistan has preferential trade agreements with a number of countries, including Iran, Indonesia, Mauritius, and PTA-D8 (D-8 Organization for Economic Cooperation, 2022). In December 2013, the European Union granted Pakistan the favourable European GSP Plus arrangement. Unlike a favoured agreement, this one is not reliant on reciprocity. In an effort to lessen the imbalance in global trade, a developed country frequently offers this status to a developing country.

Pakistan-China Free Trade Agreement

In January 2006, Pakistan and China launched the Early Harvest Program. (EHP). In November 2006, the Pakistan-China Free Trade Agreement went into effect. China was given access to 11 sectors and 107 subsectors by Pakistan, whereas Pakistan was given access to 11 sectors and 133 subsectors by China. Imports of cotton textiles and bedding from China, marble and other types of tiles, other household linens, leather goods and sporting goods, iron and steel products, engineering equipment, and industrial alcohol were all exempt from paying tariffs. For industrial machinery, organic and inorganic chemicals, as well as light and heavy manufacturing, China will have access to the US markets (Pakistan Business Council, 2013). The proportion of Pakistan's imports from China increased significantly after the 2007 entry into force of the Pakistan-China Free Trade Agreement. The first phase of the FTA was completed in 2012, when Pakistan's imports from China accounted for 15% of Pakistan's total world imports. As of 2015, this percentage had climbed to a staggering 45.1%. (Trademap.org).

The FTA has had a minimal impact on Pakistan's exports to China, which rose from 2.5% in 2006 to just over 10% in 2012. The rise in Pakistan's real GDP per capita is shown in Figure 2. However, it is likely that Pakistan's severe energy crisis and declining security, both of which happened around the time the FTA with China was signed in 2006, also had an impact on the country's declining GDP growth. Pakistan did not escape the effects of the world financial crisis in 2009. Pakistan's real GDP increased by an average of 3.3 percent annually from 2007 to 2014. Before the FTA, the yearly growth rate was 5.07 percent (1999 to 2006).

Figure 2. Pakistan Real GDP Growth Rate; Source: International Monetary Fund.

SAFTA

Members of the South Asian Free Trade Area (SAFTA) have agreed to let commodities flow freely across their borders, subject to the condition that each member country receive a list of sensitive goods in order to protect national interests. The South Asian Free Trade Agreement (SAFTA), which was supposed to take effect on January 1 of 2006, actually did so on July 1. SAFTA is expected to be fully implemented in 2015. Numerous groups, including the Committee of Experts of the Ministerial Council, will endeavour to resolve all issues relating to safeguards, institutional frameworks, dispute resolution, origin laws, and tariff limits. All quantitative restrictions will be lifted as a result of this agreement, but a list of sensitive products will still be off-limits. In order to reduce this list and broaden the scope of this agreement's free-trade coverage, it is reviewed every four years. Review of research on Pakistan's potential impacts of SAFTA's trade and investment relations with other South Asian countries. An examination of the patterns in Pakistan's investment and commercial relations with other South Asian countries. The study also looked at SAFTA's achievements in the context of developing regionalism and multilateralism, particularly in Pakistan. To help Pakistan and South Asia gain from SAFTA, recommendations based on research were also developed as part of the case study. The key conclusion of the study was that Pakistan needs to increase its competitiveness and economic freedom in order to compete more effectively (SDPI, 2008).

LITERATURE REVIEW

Manufacturing was once thought of as the main force behind economic growth. Services have outpaced the industry in every industrialized and growing country since the turn of the 20th century. Given that they make up more than half of GDP, services are seen as the foundation of the modern economy. Liberalizing the services sector has several advantages, two of which are increased competitiveness and information diffusion. Foreign investment and trade in services boosted the efficiency of the service industry as a result of liberalization (Hussain, 2004). The quest for greater profits and more affordable raw materials has helped to boost trade between Europe and the rest of the globe (Mello, 1999). The end of a natural monopoly (energy, telecommunications) in the worldwide trade of services is a result of liberalization and globalization (telecommunications, energy). As a result, economic growth increased in both developed and developing countries (Gulzar, 2011). Multinational corporations (MNCs) can improve domestic labour conditions and lower manufacturing costs by advancing native expertise (Buckley & Casson, 2003). Every country's service sector is made up of investors from a diverse range of fields. It is relevant to a wide range of other professions and pursuits, including production and the use of materials, energy, money, labour, and equipment (Field & Ofori, 1988). Regional collaboration, unilateral liberalization, and bilateral agreements have all contributed to the liberalization of trade in the services sector. However, the global liberalization of services is linked to the World Trade Organization and has an impact on the economy. Recent studies examined the export potential, operational constraints, and supply of Pakistan's five service industries (architectural, construction, financial, professional, IT, medical, and health). They contend that it is crucial for all types of supply in specialized areas to trade in services and access export markets (Burki & Hussain, 2007).

Arnold et al. (2016) analyzed how legal changes in the services sector in India will affect the country's expanding manufacturing industry. The statistical OLS approach was used to estimate it. The authors examined data gathered from 4,000 industrial businesses between 1993 and 2005. It was an effort to gauge the economy's overall impact on the (services) sector. The results of this study show that banking, transportation, and telecommunication services all significantly and favorably affect the productivity of industrial enterprises (Djiofack-Zebaze, 2007). The writers of this paper looked at how the telecommunications sector liberalization affected Africa's economic development and performance in a number of industries. The product is assessed using the price and market share. Sub-Saharan countries were included in the data set from 1997 to 2003. The effect of Pakistan's banking sector liberalization on the country's economic growth was examined by Khan and Qayyum (2006). To get these conclusions, researchers used Integration's bound test approach with data from 1961 to 2005. The study discovered a long-term relationship between real GDP and banking sector liberalization.

Pakistan is working to liberalize the trade in services through bilateral, multilateral, and WTO-based agreements. Following the recent liberalization of trade in EBOPS services, Pakistan has received request lists from its trading partners about national treatment and market access under the four modes of cross-border supply under the WTO framework. Raihan (2008) found that throughout the previous three decades, the service sector has consistently grown in all five South Asian countries they had surveyed. These countries liberalized a number of their service industries under GATS, but because of their insufficient domestic preparedness before opening up, they are expected to have unfavorable repercussions.

RESEARCH METHODOLOGY

This study is based on a qualitative research approach and relies primarily on secondary data sources. The secondary data includes information already published by credible academic and institutional platforms. The rationale behind utilizing secondary data is to gain comprehensive insights into the subject matter while drawing upon existing scholarly discourse and documented evidence. In the first stage of data collection, relevant materials were gathered from peer-reviewed journals, research papers, published articles, books, government reports, international organizational publications (such as WTO, World Bank, and UNCTAD), as well as credible websites and statistical databases. The search process involved using academic search engines and digital libraries, including Google Scholar, JSTOR, ResearchGate, and institutional repositories. Keywords such as services liberalization, WTO agreements, Pakistan trade policy, and regional trade agreements were used to ensure the retrieval of relevant and targeted literature.

After collecting the materials, the study employed a qualitative content analysis method to review and interpret the findings from these sources. The literature was carefully examined to identify recurring themes, conceptual viewpoints, key developments, and policy implications related to Pakistan's participation in international services liberalization. This analytical process enabled the researcher to compare different scholarly perspectives, highlight areas of consensus and disagreement, and evaluate the impact of liberalization policies on Pakistan's services sector.

Furthermore, the data were synthesized to construct a conceptual framework that aligns with the objectives of the research. This framework provides a structured understanding of how global trade agreements, regulatory reforms, and domestic policy responses shape the performance and competitiveness of Pakistan's services industry.

Figure 3 shows this methodology involves in following points:
(1) systematic collection of secondary research material,
(2) qualitative content-based analysis of the collected literature, and
(3) synthesis of findings to develop a coherent interpretation in line with the study's purpose.

This approach is particularly suitable for policy-oriented and conceptual studies where the aim is to understand trends, evaluate reforms, and derive implications from existing knowledge.

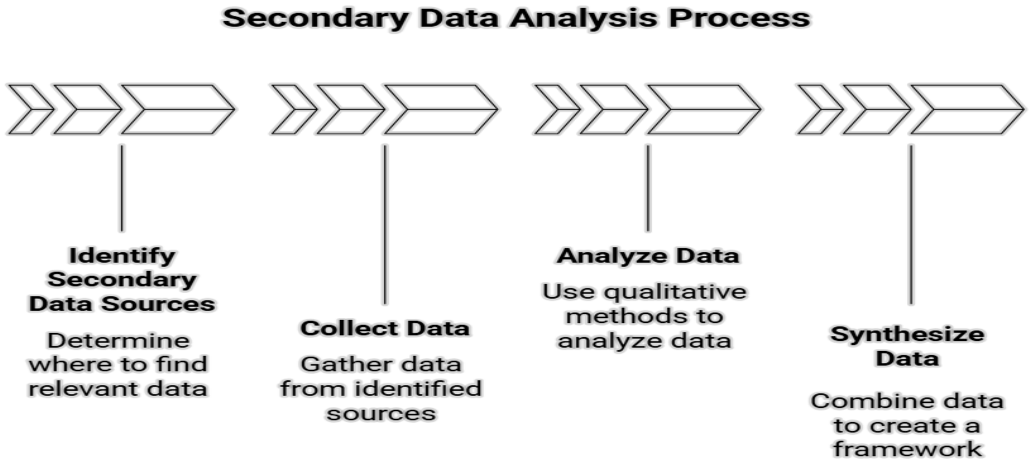

Figure 3. Data Analysis Framework.

RESULTS AND DISCUSSIONS

A previous study was conducted by Mahfooz et al. (2018). The Fully Modified OLS Estimation Technique is used in this study to examine the impact of liberalizing Pakistan's banking and telecommunications sectors on the GDP of the nation. For two sectors in Pakistan, researchers examined annual frequency data for variables such as real GDP, GFCF, and liberalization since 1975. It has been established that opening up the service industry, which includes banking and telecommunications, boosts GDP. Econometric studies suggest that the telecom sector is largely stable. According to the findings, a 1% rise in the liberalization of the telecom sector will lead to a 0.7% gain in real GDP. Numerous studies have shown that this is the case (Fink, et al., 2002; Ahmed, et al, 2011). According to more studies, the quick liberalization of Pakistan's telecom market is a key factor in the industry's explosive growth (PTA, 2014). The 2003 liberalization of the industry led to an increase in demand for telecommunications services, which drew significant foreign and domestic investment. As a result, the telecommunications sector grew quickly and significantly, contributing to the growth of the economy. The impact of the financial industry is statistically insignificant and significantly smaller.

The GDP of the financial sector increases by 0.09 percent for every additional percentage of banking deregulation. It took over 20 years to fully execute banking deregulation once it started in the 1980s. This approach was only partially followed and had little to no effect on the growth of the financial industry at the time because the government was unable to fully liberalize this sector and the economy of the nation was unstable. Both this investigation's findings and those of a study carried out in Nigeria by Bekaert et al. (2005). Despite being favorable, investment in the telecom sector is statistically negligible. For instance, investments in the financial sector encourage the growth of the services sector. Cash flow and capital expenses both decline when investment rates rise.

Researchers have previously developed a strategic framework for liberalizing trade in services in 12 categories with 26 Pakistani trading partners using a variety of economic instruments (RCAI, TII, TCI, TCI, TCBI) and econometric approaches (OLS, PLS, 2SLS). In the first stage, they looked at the contribution of service exports to the global GDP in nine groups of 60 nations each of equal size. Between 1981 and 1985, NAFTA and Mercosur had the lowest relative contributions, while SAARC had the largest, and Pakistan had a thriving services sector. Between 1986 and 1990, only Mercosur's proportionate contribution increased. The downward trend in this sector persisted, but Pakistan did relatively well with a 7.06 percent relative contribution from this sector to its GDP. The following table demonstrates how the GDP of the entire economy is disproportionately influenced by trade in services.

The bulk of regional/trading blocs contributed negatively during that time (1990-2005). The contribution to all regional/commercial blocs was significant and beneficial from 2006 to 2010. The importance of trade in the services sector is at the center of the new growth model strategies for growth and development, according to this paper. From 1981 to 2010, emerging countries exported more services than developed countries.

An important conclusion can be reached by combining the analyses of the contributions from the EU, NAFTA, and SAARC. Because the EU and NAFTA are the SAARC countries' main economic partners, there is a high demand for services in global trade. When EU and NAFTA payments were negative between 1986 and 1990 and between 1991 and 1995, SAARC countries made inadequate contributions as well. The relative impact of both the major trade partners was used to assess the sign of the contribution in the SAARC, where one of the regional blocs (such as the EU or NAFTA) had a negative contribution (EU, NAFTA).

CONCLUSIONS

Pakistan's international trade is expected to significantly improve once the GTO system is fully adopted throughout the rest of the world. Pakistan is working to liberalize the trade in services through bilateral, multilateral, and WTO-based agreements. The services industry has supported Pakistan's economy's expansion for many years. The most important effort to liberalize commerce in the area has been SAFTA, or the South American Free Trade Agreement. The Pakistani economy will gain significantly if Pakistan renegotiates its free trade agreement and secures the same tariff concessions as ASEAN.

We also want to look into how the country's services system has impacted the expansion of its two most significant companies (telecom and finance). An empirical investigation using fully modified Ordinary Least Squares suggests that liberalization contributes to the growth of particular industries. It became even clearer that a freer services sector is necessary for a country to have a prosperous economy. Significant econometric evidence was found for the telecom sector, but statistically insignificant evidence was found for the finance sector. However, liberalization had a major impact when the financial sector was examined over a longer time frame. The GDP of these industries appears to have benefited from the liberalization of banking and telecommunications. It is also clear that the total deregulation of the telecom sector has significantly contributed to the increase in the services sector's proportion of the GDP.

The GDP of nine divisions and 60 nations, which are affected by trade in services, is significantly impacted. The contribution to all regional/commercial blocs was significant and beneficial from 2006 to 2010. The commercial activity of the services industry is crucial for the creation of new models and strategies. It has been shown that between 1981 and 2010, emerging countries outperformed developed countries in the trade of services. A noteworthy conclusion can be made when the contribution patterns of the EU, NAFTA, and SAARC are examined simultaneously. When trading with NAFTA and the EU, SAARC nations' desire for goods dominates their demand for commercial services. As a result, it is clear that during the decades of 1986-1990 and 1991-1995, respectively, the contribution was negative in both the EU and NAFTA nations, and vice versa. The relative impact of both the major trade partners was used to assess the sign of the contribution in the SAARC, where one of the regional blocs (such as the EU or NAFTA) had a negative contribution (EU, NAFTA).

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