

## *Book Review*

### **European Union Enlargement from EU 15 to EU25 Trade Implications for Pakistan**

**VDM Verlag Publishing House, Germany, 2010**

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The importance of International Trade is enhanced with the passage of time and it has acquired a central place in the economic literature. The birth of World Trade Organization (WTO) has further boosted its implications for all countries. Because WTO has created new challenges in terms of competitiveness for developed, as well as under developed economies and survival of these are closely linked to meet new challenges. All these issues are the main focus of this book. The author has not only highlighted the role of European Union's (EU) expansion from EU 15 to EU 25 but also provided a list of policy implications for Pakistan and European Union. He has applied the theory of economic integration with the help of reviewing the results of enlarging volume of European Union from; EU15 to EU25. The importance of this region (EU) is increased due to its lion's share in the world trade. As concerned to Pakistan, it is also vital because final destination of its major exports is the same region of the world.

The author has analyzed the impacts of enlargement of EU on intra-region trade and especially on Pakistan's economy. He has not only identified the role of tariff and non-tariff instruments of the complicated trade regime of EU to restrict the trade but also discussed the benefits associated the expansion of this trade regime. He has also addressed the issue of newly born economic integration in the new era of discrimination, divergence and preferences in trade, along with regionalism. For this, he distinguishes Most Favorite Nations (MFN) from other trading partners in terms of trade expansion and discrimination. Pertaining to Pakistan, he analyzed the pattern of major exports consisting upon textile family products and their future prospects in the scenario of enlargement of EU. He predicted that flourishing of Intra-EU trade and its expansion has not significantly affected the pattern of Pakistan's exports so far, which is a good signal for Pakistan and other trading partners. Thus, integration has not brought such expected negative results but it does

not mean that the threat is over. Pakistan continually depends on EU market for its exports and it is unable to find new markets, such a trend is not encouraging. Risk continually exists; i.e. don't put all eggs in one basket and a lesson must be learned from it. The author suggested that Pakistan's need is to evaluate its trade pattern, since the problem could arise in future due to increased competition emerged from the EU's integration.

The research work contained in the book is very interesting for both EU nations and Pakistan. The outcomes of the analysis indicate that tariff preferences given to exporting countries by EU not guaranteed the success of these countries. Because, tariff is not the only tool by which trade preferences are presented. Therefore, sole tariff preference might be unable to enhance the exports to EU nations. Thus, exporting countries and especially, Pakistan must also look for other economic preference to gain from trades. At present, Pakistan is facing the challenges like; few goods' exports, commodity concentration and geographical concentration. These challenges are expected to increase in future, if not properly addressed.

The outcome of this research has also put forward important policy implications for EU countries and Pakistan. The increased in the degree of openness need to change the supporting environment by public policies; in terms of bring change at micro as well as macro level to face the international challenges. The public sector must bring such reform to face international changing environment. Pakistan needs to come out of low level equilibrium (or disequilibrium) to an open and expanded market competition across borders to fully enjoy the trade benefits.

No doubt that the book has made a significant contribution in the literature. Because, it pointed out valid empirical evidences which are very helpful to understand the prevailing trade pattern of trade partners of EU and complex trade system of EU, its policies and roots of competition. The arguments could be strengthen further if the author reviews more recent literature on the subject matter and then provide a sound base for trade policy. The results explained therein may be fine at macro level but such findings may not hold at micro level; the very reason is that the author has stressed again and again for developing competition at micro-level. Non-competitive environment at micro-level is a challenge for developing countries, which requires reforms in major sectors. The countries that opened their economies for international trade but failed in reshaping their domestic economies are the mainly victim

of this unhealthy competition and trade openness. Such aspects have been ignored in this study. There is a need to extend the analyses for the provision of sound foundations for shaping up domestic economy at micro and macro level. In brief, reshaped economy of Pakistan might expect to bear the fruits of trade. So far Pakistan has not gained much from trade, in spite of substantial openness of its economy. Besides, the changing cost structure (inputs/utilities), high transaction cost and fragile policies at home (Pakistan) hardly help to understand how it will continue to maintain its trade share in future. These hidden aspects also needed to be highlighted. Therefore, macro-level results presented by this book also need to focus on micro-foundation to portray the true picture and then provide a sound base for trade policy.

Notwithstanding the above, the book is surely very interesting, contains valuable analysis, useful for future policy and the contribution is also at the right time.

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