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Effect of Dumping and Subsidies as Trade Barrier on Productivity of Textile Industry of Pakistan

Under WTO regime due to openness of trade the industrial productivity has enhanced. It is due to more export and increased global economic activity. Trade barriers have drastically reduced world over in last three decades. But, there are some trade barriers which distort the trade as well as industrial performance. The trade barriers under consideration in this study are dumping and subsidies. In this study impact of Dumping and Subsidies on export performance of the textile industry of Pakistan were empirically evaluated. A model was formulated which represented dumping, subsidies and export performance as variables. Linear regression analysis was applied on the primary data which was collected from 50 top textile exporting firms operating in Pakistan. Results indicated that trade liberalizations in the form of reduction of trade barriers were not completely offset in the presence of dumping and subsidy, which means dumping has positively whereas, subsidies has negatively affected the export performance of textile industry of Pakistan.

Keywords: Dumping, Export performance, Pakistan, Subsidies, textile industry, WTO.

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