

The Dilemma of MFN between Pakistan and India

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This article ascertains the theoretical parameters of “MFN Treatment” and the hurdles regarding trade between Pakistan and India. MFN status is one of the fundamental rules of GATT / WTO to promote multilateral trade. It is remarkable to revitalize global economic integration. After the end of the Second World War under the Bretton Woods System it was held necessary to grant MFN status to all the member states of GATT for the promotion of reciprocity in international trade. Similarly WTO inherited this principle to avoid protectionist trends in the world trading system. It flourished mutuality among states in terms of economic interests. MFN clause under WTO also stipulated liberal rhetorics like comparative advantage. It invigorated the sense of commitment among states to flaunt global trade. This article also envisages the pitfalls for Pakistan to grant MFN status to India. Various apprehensions have been epitomized to comprehend the dilemma of trade between both the states. It is also encompassed that political mistrust and misperceptions restrained the leaders on both sides to postulate unconditional support to liberalization of trade.

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Every state tries to operationalize its diplomatic channels to pursue its trade interests in the age of globalization. In this backdrop the rationality of the state becomes very significant with the view of making right decisions and stepping ahead towards right direction. Similarly the grant of ‘MFN Treatment’ to India is considered to be a regional flash point. Pakistan and

India both are the largest economies of the South Asian region which have almost every feature

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of diversity and heterogeneity. They can augment bilateral economic relations to increase the volume of trade. Both of them can utilize their market potential. But various direct or indirect trade barriers do not let both Pakistan and India to postulate mutual trade. Infact this research paper enlightens the dilemma of 'MFN Treatment' between both the states to scrutinize the pros and cons of the issue. It comprises those factors which constrain the rationalization of mutual trade. This study also attempts to explore the relevance of trade initiatives from both sides.