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THE WTO CELL NEWSLETTER

SEMINAR IN GUJRANWALA

The WTO cell planning & development department, Government of Punjab, in collaboration with Gujranwala Chamber of commerce organized a seminar in the Shelton Hotel, Gujranwala on 8th September 2007. The topic of seminar was

“Challenges and Implications of the WTO regime for different sectors of the economy”. The faculty and students from Punjab University and Punjab College of Commerce, Gujranwala were also invited to the seminar. The purpose of

seminar was to disseminate knowledge and promote awareness about the challenges and implications of the WTO regime for different sectors of the economy of Pakistan especially with reference to the Gujranwala industry. The seminar was highly interactive. There were two technical sessions besides the inaugural session. Chief Guest of the seminar was Mr. Rana Shahzad Hafeez, President Gujranwala Chamber of Commerce (GCCCI). The seminar started with the introductory remarks by Mr. Muhammad Ijaz Hussain,

Chief WTO Cell, Planning & Development Department. Mr. Muhammad Ijaz Hussain informed that the WTO cell of the P & D department is mandated to build up capacity of stakeholders to respond to the challenges and



(Left-Right) Mr. M. Ijaz Hussain (Chief WTO), Mr. Yasin Tahir (DG, IPO), Mr. Rana Shahzad Hafeez (President, GCCCI) and Mr. Abdul Qadir Phularwan (Senior Vice President, GCCCI)

optimize opportunities emanating from the WTO system. Mr Rana Shahzad Hafeez, President Gujranwala Chamber of Commerce and Industry (GCCCI) in inaugural address informed the participants about their efforts which they are taking to meet the challenges facing by Gujranwala industry. The first technical session was chaired by Mr. Yasin Tahir, Director General IPO. A series of technical presentations were made which included presentations on “Introduction to the WTO” by Sadia Khawar, Planning Officer P&D department

WTO cell, “Dispute Settlement under the WTO” by Mr. Faheem-ul-Haq Advocate, Ahmed Bilal and Soofi, Legal Consultants Lahore, “Positive Fight back against WTO and Globalization” by Mr. Abdul Qadir Phularwan, “Flight

Engineering” by Mr. Fauzan Muhammad, Manager Business Center (SMEDA) Sialkot Chamber of Commerce (SCCI). The second session was chaired by Mr. Abdul Qadir Phularwan, senior vice president Gujranwala Chamber of Commerce and Industry. The presentation included “Export Potential of Gujranwala City” by Mr. Irshad Ahmed, “IP Management in Pakistan” by Mr. Yasin Tahir, “Introduction to IPO-website” by Dr. Rizwan Basharat. The guest speakers informed the participants about the improving position of Pakistan with regards to Intellectual Property Rights. The special question and answer sessions were held at the end of both technical sessions. At the end, the Chief WTO Mr. Muhammad Ijaz Hussain delivered vote of thanks to Chief Guests, Chairpersons, speakers

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WTO WORKSHOP ON GATT ARTICLE XX

General Exceptions to the GATT agreement are of great practical importance particularly for a country like Pakistan, which has chosen to make international trade an important instrument of economic growth and poverty alleviation. Keeping in View its importance, the WTO Cell of Planning and Development Department organized a one day workshop on October 20, 2007. The officials from Agriculture, Industry, Environment Protection, Food, Commerce and Investment, Forestry, fisheries and wildlife Departments attended the workshop apart from representatives of Trade development Authority of Pakistan, Management and Professional Development Department, Lahore Chamber of Commerce and Industry, MINFAL, APTMA and lecturers and professors from LUMS, GCU, BNU, PU and Lahore College for Women University attended the Workshop.

There were three sessions – Inaugural, Technical, Working groups- in the Workshop.

Mr. Inaamul Haque, Advisor on WTO in his Opening Remarks said that the role of WTO for Pakistan's economy required to be examined dispassionately and exceptions embodied in Article-XX of GATT required to be used to optimize the opportunities offered by the trade liberalising regime and cope with the challenges emanating from the system.

He said, the main objective of the WTO regime is to help international trade flow smoothly, freely, fairly and predictably and its rules has led to a rapid expansion of world trade. Pakistan had also gained market access for its products to developed countries under the WTO regime. There had, however, been certain significant exceptions such as labor intensive and agricultural products.

He said there had been a drastic reduction in tariffs of developed countries from high double digit figures in 1947 to low and single digit numbers today (an average of three per cent on imports). There had also been a significant reduction in trade barriers as a result of liberalisation brought by the GATT/WTO system and a sustained growth of export earnings of

Pakistan.

He said that the country's economy was facing new challenges in the highly competitive world in which it is no longer possible for industrialists to earn rents. They should rather earn reasonable profits and increase their productivity and competitiveness. Equally important is the need for producing quality goods and conforming to international standards.

He said one could be worried about human, animal and plant life or health hazards due to liberal imports from other countries under the WTO regime. Similarly it should also be possible to take protective measures to conserve the environment under the Sanitary and Phytosanitary Agreements and Agreements on Technical Barriers to Trade.

"At the same time if the protectionists from other countries tried to use WTO provisions to obstruct the legitimate trade we should be in a position to protect our interests by invoking the WTO rules," Mr Haq said.

Mr. Akbar Sheikh, Convener of Lahore Chamber of Commerce and Industry Standing Committee on WTO was the Chief Guest. Inaugurating the workshop he said world trade growth rate had increased to 10% against GDP growth rate of four to five per cent owing to lifting of international trade barriers under the WTO regime.

He was of the view that with the share of developing countries in the world trade exceeding 50%, the developed ones might adopt protectionist policies to prevent their share in global share from shrinking.

Ms. Hannah Irfan, Consultant on WTO, Eminent Scholar and Former Consultant on WTO Dispute Settlement in WTO Secretariat, Geneva and Mr. Wajid Hussain Pirzada, Chief WTO Unit, Ministry of Food, Agriculture and Livestock were the speakers of the workshop.

WTO Consultant Ms.Hannah Irfan said non-discrimination between the trading partners in imposition of taxes and duties on imports and exports was the basic principle of WTO. No WTO member country could treat its domestic goods more favorably than the imported ones. Trade rem-

edy laws like imposition of anti-dumping duty were to be used for safeguarding the domestic industry from unfair competition. Anti-dumping duty was levied on producers of goods and not on the countries.

Mr. Wajid Hussain Pirzada, Chief WTO Unit, Ministry of Food, Agriculture and Livestock said that the main issue is to maintain coherence among the International Trade Law, International Environmental law, and General International Law presents a challenge today for the theory, legal doctrine, and state practice. He said that the Challenge is evident when analyzing the International policy framework, in particular of the WTO, and as to how one can avoid conflicts and strike balance between the goals of trade liberalization and environmental protection. Furthermore he briefed about the legal and practical aspects of GATT Article XX and also explained the technical barriers to trade and Sanitary Phytosanitary measures.

After the Presentations four working groups were formed, who after having discussions had to make presentations and recommendations. The following questions were assigned to each group.

- How can Pakistan protect itself as an importing country by invoking Article XX of GATT?
- How can Pakistan protect its interest by challenging restrictions on its exports under Article XX of GATT?
- What are specific applications of Article XX of GATT as related to the different sectors of the economy of Pakistan such as agriculture (SPS and TBT)?
- What are specific applications of Article XX of GATT as these relate to different sectors of the economy of Pakistan particularly applicable to environment issues?

In the end Mr. Inaamul Haque, Advisor WTO thanked the audience for their active participation and interest. Mr. Ijaz Hussain Chief WTO also extended vote of thanks to all the speakers, participants and staff.

CONFERENCE ON TRADE REMEDIAL LAWS

A Conference on 'WTO Trade Remedial Laws regarding the experience of Pakistan' was jointly held by WTO Cell, Planning & Development Department and University Law College, on 13th December 2007 at Punjab University Law College Campus, Lahore for enhancing understanding about trade laws and building our capacity to protect our legitimate interests.

Former Chief Justice Supreme Court of Gambia, Justice (R) Muhammad Arif Chaudhary was the Chief Guest of the event.

Advisor on WTO P&D, Punjab, Inaamul Haque, in his opening remarks said that the WTO is a reality which cannot be wished away. Its impact is wide and it affects almost all sectors of the economy, he observed, adding that this impact will become more and more significant as our

volume of trade increases. He said "we have to find a way to cope with the WTO phenomenon, respond to its challenges and benefit from the opportunities offered".

Muhammad Arif Chaudhary said that in the current state of affairs where the Doha Round negotiation mandate was to clarify the disciplines that govern trade remedy laws with the view to the special needs of developing and least developed countries, this Conference is both timely and useful. He also said that countries may use Trade Remedy Laws to provide disguised protection to the local industry and avoid their international commitment of moving towards free trade. He said what emerges from the dialogue between trade law experts and the stakeholders gave us a good assessment of where Pakistan stands in fulfilling its international obligations

and utilizing the policy space allowed under the current trade remedy law agreements, as well as provided some food for thought—or more importantly—concrete ideas, on the way forward for our policy makers at the WTO negotiations table.

A wide range of pertinent questions were asked by participants from the speakers at the end of presentations during question and answer session. The event was well received by a large gathering of people from the public sector, the private sector and academia. Appreciating the conference, the participants also remarked that this event has contributed to enhancement of their knowledge about the WTO and its impact on Pakistan.

CONFERENCE ON SERVICES

Keeping in view the importance of services sector a conference on "Impact of WTO on services sector with focus on Engineering and Allied services" was jointly held by WTO Cell, Planning & Development Department and Institution of Engineers Pakistan on 24th November 2007 at Avari Hotel, Lahore.

The conference was held keeping in view the following things:

- Assisting in identifying new opportunities and challenges for Engineering Sector in attaining Environment Friendly Sustainable Development
- Considering the contents of specific commitments of Pakistan under GATS and to identify barriers to trade in services.
- Identifying the impediments to the export of services and finding solutions to these impediments.
- To identify the key issues for consideration and explore major areas of policy intervention.

There was an inaugural and two technical sessions in the conference.

Different speakers embarked on the importance of services sector. Mr. Fasihud Din, Former Chief Economist, Government of Pakistan made presentation on "Engineering and Allied Services - Issues of Quality and Competitiveness in context of General Agreement on Trade in Services." He said the country ranked 92nd in the list of 131 with respect to competitiveness and quality because three-fourth of its work force was illiterate.

Mr. Ammad Hassan Khan, Assistant Professor, Department of Civil Engineering, University of Engineering & Technology, Lahore spoke about the impact of WTO on Pakistan's construction industry. He said that construction was leading sector of the country's economy but foreigners had started entering it. Foreign companies were not only undertaking construction projects but also bringing foreign workers. Pakistani workers could not benefit from their experience because they led the country on completion of projects.

Mr. Akbar Sheikh, convener WTO Standing Committee, Lahore Chamber of Commerce & Industry during his presentation on "Need for National

Services Export Strategy (Focus on Construction Sector) said that strengths of engineering and allied industries should be identified for availing opportunities offered by globalisation .

Mr. Engineer Balal A. Khawaja, Engineering Contracts Advisor, Mr. Israr Ahmed, Incharge Strategy Planning Cell, Irrigation and Power Department, Mr. Sarfraz Ahmed, Chairman IEP Lahore Centre, Engineer Col. Mumtaz Hussain, Environment Consultant and Editor of The Environ Monitor and Mr. Waleed Khan Afridi, Faculty Member, Preston University, Peshawar also spoke on the occasion.

Governor Mr. Khalid Maqbool inaugurated the conference. He said that country had a strong services sector with eight million shops and establishments and five million bank accounts. Pakistani workers were required to be trained in accordance with the international standards for exports of their services. Development of a conducive environment was also necessary for business promotion o the pattern of the U.S, China, U.A.E and Singapore.

Mr. Suleman Ghani, Chairman Punjab Planning and Development Board

in his welcome address expressed his views on the subject.

Advisor on WTO Inamul Haq in his remarks said, the world trade applied only to the goods till recently and services were traded indirectly as part of goods but had acquired a distinct identity of their own now and become the fastest growing sector all over the world.

IEP president Engineer Aftab Islam Agha said according to the WTO conditionalities no engineer would be able to work on international projects anywhere unless he met the education and training standards as set out by the Washington Accord and the Engineers Mobility Forum Pakistani engineers would be required to complete five to seven years of on-job training under senior engineers in the projects under which they were hired. Professional review of their career and update of their requisite skills and competence would also be compulsory. Any engineer not so equipped would be barred from working on any project at home and abroad. In the end Mr. Inaamul Haque, Advisor WTO thanked the audience for their active participation and interest. Engr. Sarfraz Ahmed and Mr. Muhammad Ijaz Hussain Chief WTO also extended vote of thanks to all the speakers, participants and staff for their participation.



(Left-Right) Mr. Aftab Islam Agha (President IEP) Addressing the audience, Engr. Sarfraz Ahmed (Chairman IEP, Lahore), Mr. Khalid Mahmood (Additional Secretary Governor House), Lieutenant General (R) Mr. Khalid Maqbool (Governor Punjab), Mr. Suleman Ghani (Chairman P&D Board) and Mr. Inaamul Haque (Advisor WTO)



Mr. Inaamul Haque presenting souvenir to Mr. Faseehuddin



Mr. Inaamul Haque presenting souvenir to Mr. Waleed Khan Afridi



Engr. Karamatuallah Chaudry, MD NESPAK presenting souvenir to Prof. Ammad Hassan



Mr. Aftab Islam Agha presenting souvenir to Col @ Mumtaz Hussain



Engr. Karamatuallah Chaudry, MD NESPAK presenting souvenir to Mr. Akbar Sheikh



Mr. Inaamul Haque presenting souvenir to Mr. Israr Ahmed



RUSSIA TURNS DOWN 7,000 TONS OF PAKISTANI RICE



Russia turned down 7,000 tons of Pakistani rice ready for shipment at the Port of England last month, just a week after

a high-level delegation of Pakistani rice exporters and the federal food ministry visited Moscow to influence the Russian Phytosanitary watchdog to lift ban on import of Pakistani rice.

The Russian Federal Veterinary and Phytosanitary Surveillance Services (VPSS) had imposed a ban on import of rice from India, Pakistan and Vietnam in December 2006. At present these countries are lobbying for resuming their exports to Russia.

In what appears to be a major disappointment for Pakistani diplomatic efforts made over the last six months, Russia rather opted to pack Indian rice in the same vessel in which Pakistani rice was supposed to be shipped, a leading rice.

Rice from Pakistan was never exported to Russia directly but through England and with the help some Mid-

dle East-based exporters which deprives Pakistani exporters an opportunity of lobbying in Russia to protect their interests.

The consignment of rice which was rejected by Russia at the end of August had been sold to General Produce, a British company, by a Pakistani exporter. The rice was supposed to be picked up by Russia. But at the end, Russia decided to pack the same ship with the Indian rice, which was supposed to deliver 7,000 tons of Pakistani rice.

A Pakistani delegation, comprising officials of the federal ministry of food, agriculture and livestock (Minfal) and Rice Exporters Association of Pakistan (REAP), had visited Moscow on Aug 12 to satisfy the demands of the VPSS officials who had visited Pakistan in the end of April and inspected quality of Pakistani exportable rice, its packing and the sanitary and phytosanitary standards.

Minfal had termed the visit of the Pakistani delegation a success.

Sources said the major hurdle in the

way of Pakistani export is lack of implementation of sanitary and phytosanitary legislations in the country. But above all, absence of a Pakistani lobby has made it impossible for Pakistan to press Russian policymakers to decide in its favour at critical times or whenever needed.

In December last, when Russia imposed ban on India and Pakistan, the neighbouring country was able to stop Russia from turning down its ships loaded with rice. The Indian embassy in Moscow played a major role in this success.

Contrary to this, a ship carrying 5,600 tons of Pakistani rice was turned down which returned and later had to discharge rice in Sri Lanka despite the fact that the Pakistani variety of irri-6 was five per cent more polished than the Indian rice. Most exporters bypass this process which is tiresome and as the issuance of the certificate by the Pakistan Council of Scientific and Industrial Research takes one-and-a-half months.

(Source: The World Trade Review, Issue No.19, Volume No.7)

WTO SEES NO MOOT THIS YEAR AMID DOHA IMPASSE

The WTO has broken its own rules by not holding a ministerial conference in 2007 given the low chances of securing a global trade deal by the year's end.

The global trade body's rules state that a conference of ministers from the 151 members should be held once every two years, and the last such meeting took place in Hong Kong in December 2005.

But the chairman of the World Trade Organisation's general council told delegates that such a meeting was unlikely to happen given the continuing impasse in multilateral trade liberalisation talks, known as the Doha Round.

Chairman Muhammad Noor said that the factors which have prevented members taking a decision on the timing and location of the next ministerial conference before now continue to apply.

He stressed that many trading nations were concerned about the likely breach of the WTO's rules, adding that "I know we all share a commitment to uphold all the legal agreements on which this rules-based organisation is founded."

However, sources close to the organisation stressed that the WTO takes a pragmatic approach, and that members' efforts were best spent trying to secure a conclusion to the long-running Doha Round.

Noor suggested that council members "return to this question as soon as the situation can be clarified." WTO director general Pascal Lamy told the council he still believed a deal was "as doable as it is essential." "The challenge now is to accelerate (momentum) in the days and weeks ahead... however, now more than

ever, time is running against us," Lamy said.

The Doha negotiating round, aimed at tearing down trade barriers, was launched in 2001 but has been mired in deadlock over disputes between developed and developing countries.

The United States and the European Union are under pressure to cut their agriculture subsidies but demand in return that other WTO members, notably developing nations, reduce their tariffs on imported industrial goods.

Washington said it was prepared to negotiate on the basis of proposals by the WTO's chief agricultural negotiator, Crawford Falconer, to cut its subsidies to between 12.8 to 16.2 billion dollars (9.2 to 11.6 billion euros).

(source: Dawn, October 10, 2007)

MANGO AND PAKISTAN'S EXPORT

In the fruits mango is known as king of fruits. It is identified under H.S.Code under the head 0804 and sub-head 5020.

The common names of Mango are Mango, Mangot, Manga and Mangon. It is one of the most popular fruit recognized as one of the delicious & finest in the world. This tropical fruit was cultivated in India since 2000 BC. Where as the portugesses introduced the Mango in 16th century by taking the fruit in Africa from southern India in 18th century in Florida and Mexico in 19th century. The top producing countries of Mango are India, China, Mexico & Pakistan. The world production of Mango during the year 2005 was 26,971,219 MT. The region wise production of Mango for the year 2005 is as mentioned here under .

REGION WISE WORLD PRODUCTION OF MANGO DURING 2005

S.No	Name of Region	Production (M.T)
1.	American Region	
	a. North America	1,503,010
	b. Central America	927,980
	c. South America	1,285,885
2.	West European Region	-
3	Eastern Region	-
4	Middle East Region	11,000
5	African Region	2,195,280
6	Asian Region	21,037,604
7	Oceania Region	64
	Other Countries	10,396
	Total:	26,971,219

REGION WISE WORLD MANGO EXPORT DURING 2005

The world Mango exporting regions during the year 2005 were, 1,067,314 MT. The region-wise break-up of Mango export is mentioned here under

S.No.	Name of Region	Export (MT)
1.	American Region	425,936
2.	W.European Region	91,255
3.	Eastern Region	1,078
4.	Middle East Region	32,000
5.	African Region	39,379
6.	Asian Region	474,716
7.	Oceania Region	2,893
	Other Countries	57
	Total	1,067,314

The world Mango importing region during the year 2005 were, 989,949 MT. The region-wise break-up of Mango import is mentioned here under

REGION WISE WORLD IMPORT OF MANGO DURING 2005

S.No.	Name of Region	Import (MT)
1.	American Region	315,128
2.	European Region	264,827
3.	Eastern Region	11,906
4.	MiddleEast Region	172,060
5.	African Region	4,928
6.	Asian Region	210,677
7.	Oceania Region	3,326
	Other countries	4,097
	Total	989,949

The above figures of production, Export, Import of Mango covers 85% of the world.

Where as Pakistan produced Mango 1,757,575 MT during the year 2005-06 out of which Pakistan exported Mango 105,210 MT amounting US \$ 32,434 (000) only, which is not appreciative.

During the year 2005-06 Pakistan exported only in 47 countries of the world and still 183 countries / markets yet to be approached. The below figure reflects the mango export during 2005-06 to 47 countries which is 1/17th of total production. Pakistan has the commercial verities Sindhri, Deshari, Chaunsa, Langra, Anwaratole.

PAKISTAN REGION WISE WORLD MANGO EXPORT DURING 2005-06

S.No.	Name of Region	Export (MT)
1.	American Region	426
2.	European Region	17,203
3.	Eastern Region	47
4.	Middle East Region	85,435
5.	African Region	10
6.	Asian Region	2,086
7.	Oceania Region	3
	Total	105,210

Pakistan exported mangoes during 2005-06 to the following countries value in US \$ & Quantity MT has been mentioned against each.

S.No.	Country	Quantity MT	US \$,000	S.No.	Country	Quantity MT	US \$, 000
1	Canada	409	174	25	Saudi Arabia	18,527	6,203
2	USA	12	4	26	Syria	27	15
3	Colombia	4	1	27	Turkey	2	1
4	Austria	145	61	28	UAE	41,756	12,229
5	Belgium	68	24	29	Abu Dhabi	20	6
6	Denmark	234	79	30	Ajman	43	13
7	France	1,566	557	31	Dubai	6,712	1,589
8	Germany	1,285	465	32	South Africa	3	1
9	Greece	56	18	33	Somalia	4	1
10	Italy	184	62	34	Swaziland	3	1
11	Netherlands	326	173	35	Afghanistan	930	203
12	Spain	25	9	36	Bangladesh	88	39
13	Sweden	312	125	37	Brunei Darussalam	10	4
14	United Kingdom	12,047	4,344	38	China	2	2
15	Norway	644	233	39	Hong Kong	28	15
16	Switzerland	308	103	40	India	3	1
17	Czech Republic	2	1	41	Kazakhstan	5	1
18	Ukraine	12	2	42	Malaysia	363	126
19	Russian Fed	33	12	43	Maldives	58	18
20	Bahrain	1,639	528	44	Singapore	569	226
21	Iran	947	407	45	Sri-Lanka	24	10
22	Kuwait	1,291	386	46	Thailand	1	1
23	Oman	13,465	3,631	47	Australia	3	1
24	Qatar	1,009	326				

The rest of 183 countries are the market to approach excluding U.S.A, Norway, New Zealand, Philippines, North Korea, Mexico, Egypt where banned is imposed due to phytosanitary requirement and protection of local produce.

In this world of competition and implementation of W.T.O decision with regards to agriculture produces necessary knowledge should be affectively disseminated among grower & farmers through educative seminar with the joint efforts of TDAP & Agriculture Department and representative trade bodies of stake holders to educate and enable them to fight on this economic front in this competitive world. Any negligence in this sector will badly effect upon export of fruits & vegetable from Pakistan.

Now the world is discouraging the use of different products of urea, fertilizer & spray declared bann on its use and implementing all over the world to intact the human body healthy. Necessary awareness programme needs to be initiated to face the situation.

Pakistani Mango can be used as fresh, dried, as ingredient for Ice cream, Syrup, (Sharbat), Milk shake, Squash, Yogurt and baby Food, Candy, Jam Jelly, Chutney, Pickles green and frozen delight. The dried Mango has gained the popularity in snack delicious drinks, snake, cordials and other mixed beverages.

The export potential exists, provided joint efforts should be geared-up for proper introduction its presentation at all platforms in Pakistani Missions and earn handsome foreign exchange. The world top exporting countries are from West E.U. Region where Mango production is nil. It is matter to think, learn and study E.U countries marketing how they are charging a good price without any production.

TALKS ON FREE TRADE WITH EUROPE NEXT YEAR

Pakistan and European Free Trade Association (EFTA) have agreed to hold the next round of talks in 2008 on increasing volume of bilateral trade, investment flows and services.

Both sides held the first round of talks at a technical session held recently in Geneva to discuss various proposals for entering a bilateral arrangement for increasing the current volume of trade between Pakistan and the EFTA.

The EFTA comprises Switzerland, Norway, Iceland and Liechtenstein.

The global imports of EFTA are around \$180.36 billion and its imports from Pakistan are only \$98.45 million.

Secretary of Commerce Syed Asif Shah that a major breakthrough was made in the talks to consider various options for increasing Pakistan's share in total import bill of EFTA.

Mr Shah was heading Pakistani delegation to the

meeting. The EFTA side was headed by Chief Negotiator, Ministry of Trade and Industry, Norway Erik Andreas Underland.

He said it was agreed in the meeting to work out details of the items and areas to be considered for duty reduction or cooperation in the proposed talks, which possibly be converted into full-fledged talks on a free trade agreement (FTA). Pakistan had formally requested for having a treaty with EFTA in a meeting with Swiss Undersecretary of State Ms Monika Rohl Burzl during her visit to Pakistan in February last.

The Swiss government help was also sought in initiation of talks on free trade area.

To a question, Mr Shah agreed that the talks in the first round were not FTA specific, but he hoped that it would be converted into full-fledged talks on

FTA with Pakistan.

He said that EFTA was currently negotiating with FTA various countries in the current calendar year.

Both the sides discussed possible areas of cooperation, and agreed to continue deliberations on expanding trade and investment relations in early summer 2008.

These deliberations will address all available trade policy instruments with a view to improving framework conditions and market access for goods, services and investment. Though the word FTA was not mentioned in the minutes of the meeting, all areas considered under a preferential treaty were addressed.

Islamabad's current level of trade balance is heavily in favour of EFTA countries, and within EFTA, Switzerland is the largest trading partner of Pakistan.

(Source: Dawn, October 18, 2007)

WTO MEETINGS

DECEMBER

3 DECEMBER Committee on Budget, Finance and Administration

10 DECEMBER Trade Policy Review -Turkey

12 DECEMBER Trade Policy Review -Turkey

14 DECEMBER Committee on Government Procurement

18 DECEMBER Dispute Settlement Body

19-20 DECEMBER GENERAL COUNCIL

25 DECEMBER CHRISTMAS DAY (WTO non-working day)

TELECOM SECTOR EMPLOYMENT CROSSES ONE MILLION

About one million job opportunities have been created since liberalization of the telecom sector in 2003; the mobile companies alone had over 9,500 employees in 2006/07, annual report of Pakistan Telecommunication Authority (PTA) revealed.

Telecom sector has about 84,000 employees directly on their payroll in 2006-07, the report said adding the sector has vast linkages with all other sectors where it is producing large employment opportunities such as civil work for installation of towers, support service providers, airtime, SIM and hand set retailers, employment in fixed line and network equipment suppliers.

According to the industry analysts, telecommunication is the only sector,

which has is showing a positive and healthy competition. Analysts are predicting that there is still a great potential in this sector.

The telecommunications sector in Pakistan has undergone a considerable transformation following the award of two new mobile licenses, FLL and WLL licenses and privatization of PTCL. Stiff competition among operators to grab the market share has compelled operators to roll out their infrastructure rapidly, which has created huge employment opportunities.

Deloitte has estimated that so far about 212,000 employment opportunities have been generated country-

wide only by the mobile sector. A study conducted by TEACH has estimated that cellular mobile sector has generated about 743,025 employment opportunities, which included direct, indirect and induced employment in linked sectors of the economy. Study further revealed that about 260,000 employment opportunities have been generated by other segments of the telecom sector including WLL, LDI, card payphones and other new players.

(Source: Daily Times, November 28, 2007)

NOMINEE FOR WTO BODY

Pakistan has nominated Professor Asif H. Qureshi to fill one of four upcoming vacancies on the World Trade Organisation's Appellate body.

The Appellate body is the highest legal forum, which hears appeals on questions of law arising out of dispute panel decisions. It comprises seven members drawn from the WTO membership of 151 countries. The selection process is highly competitive and attracts lot of candidates from around the world.

According to an official announcement a selection committee has been established comprising six members — The Director General, The Chair of the General Council, Chairs of the 2007 Councils for Goods, Services and Trips and the Chair of the DSB. However, the actual decision shall be taken by consensus of the entire membership. The selection process is likely to be completed by mid-November 2007.

Professor Qureshi is a leading expert on WTO law

and a professor of International Economic Law at the University of Manchester and Editor-in-chief of the Manchester Journal of International Economic Law. He authored many books on WTO related issues and printed articles in leading newspapers.

(Source: Dawn, September 21, 2007)

APPLES DISPUTE BETWEEN AUSTRALIA & NEWZEALAND AIRS IN GENEVA

The move has been predicted for more than two years as Australia's disinclination to end its 85-year ban has become increasingly apparent. Australia is likely to use its right to veto New Zealand's request, but that will delay the procedure only for a month because it cannot reject a further request. The continued ban has been criticised by Australian farmers who warn of repercussions it could bring down on other produce if Australia were to be seen as a protectionist nation.

The ban is based on fear of introducing fireblight disease. The WTO, however, has backed scientific evidence presented in a case involving Japan and the United States that fireblight cannot be spread by mature

apples. Biosecurity Australia agreed to reopen the apple trade last year under strict rules, such as orchard inspections and chlorine dips, to remove the risk of fireblight and other diseases, including European canker and leaf curling midge.

But New Zealand growers say the rules are so restrictive as to be, in effect, a non-tariff trade barrier. A few decided to test the water, however, and to apply for export approval.

A set of standard operating procedures was agreed between the Australian Quarantine and Inspection Service and New Zealand's Agriculture and Forestry Ministry, but Biosecurity Australia refused to sign

off on them as the Government came under pressure from its apple growers in the run-up to last month's elections.

Pipfruit New Zealand chairman Ian Palmer said this was the last straw and the Government decided to ask for a WTO dispute panel to be set up to resolve the dispute. In the meantime, the ban remained and it would be at least two years before a favourable WTO decision could see it lifted, and possibly three if Australia appealed.

He said New Zealand's case was as thorough as possible, attacking the science behind the fireblight ban, and also the reasons for including the other diseases as well.

(Source: December 17, 2007 www.stuff.co.nz)



WTO MEETINGS



NOVEMBER

5 NOVEMBER Trade Policy Review Body - Organisation of Eastern Caribbean

States

7 NOVEMBER Trade Policy Review Body - Organisation of Eastern Caribbean

States

7-9 NOVEMBER Committee on Technical Barriers to Trade

8 NOVEMBER Committee on Budget, Finance and Administration

13 NOVEMBER Working Group on Trade and Transfer of Technology

14 NOVEMBER Committee on Trade and Development - Dedicated Session

19 NOVEMBER Dispute Settlement Body

21-22 NOVEMBER Committee on Agriculture

23 NOVEMBER Committee on Budget, Finance and Administration

23 NOVEMBER Council for Trade in Goods

26 NOVEMBER Trade Policy Review Body - Thailand

28 NOVEMBER Trade Policy Review Body - Thailand

29-30 NOVEMBER Committee on Trade and Development

SANITARY AND PHYTOSANITARY MEASURES

Standards set by private retailers and other companies and organizations returned to the limelight in the 18-19 October 2007 meeting of the WTO committee dealing with food safety and animal and plant health. The criticism by some developing countries that the private standards are not transparent came in a week when a major focus was on improvements in information on sanitary and phytosanitary (SPS) measures in general.

Discussions led to a series of suggestions from members, and the Secretariat will follow up on those that require its assistance.

China provided information on further measures to reinforce food safety. The government blacklisted 444 companies that did not follow the local laws, preventing them from exporting. It also enhanced the product supervision capability of the relevant agencies.

Members also conducted China's "transitional review", required annually for the first eight years under China's membership agreement. The European Union welcomed recent efforts by China on improving food safety, but complained the country imposes restrictive measures against Europe's food exports. The US raised questions relating to transparency, some restrictive measures and different rules for local and imported products. China said its authorities need to be convinced that products are safe to be imported, and that the treatment of local and imported products is the same.

Commercial and private standards

This topic triggered by far the most interventions during the meeting. Several developing countries asked the committee to look into possible solutions for the impact of private standards (not set by governments, but by independent bodies) on their exports to some markets. At issue is the effect of private standards on some members' ability to export to certain markets. Private standards are not overseen by governments and are deemed to be voluntary, but some developing country members claim they in fact reduce market access for their products —

because they may be more strict, and because of the costs to comply and to certify compliance. It has been discussed in a number of previous meetings, for example in June and March 2007.

The chairperson asked members two questions: is the SPS Committee the right forum to discuss this issue, bearing in mind that many private standards are much broader than SPS, sometimes including environmental or labour provisions? and, what should be the scope of the committee's work?

Several developing countries said the committee should keep this topic on the agenda. They said private standards are not transparent, as they are not notified to the WTO; and they are created without input from exporters. These developing countries also claimed some standards are restrictions on market access, acting as non-tariff barriers for their products.

Some members argued for a legal interpretation of the SPS Agreement to clarify whether it also applies to standards created by independent bodies, and not only by national authorities. More than 20 developing countries spoke on this issue.

Some developed countries said they doubt whether it is useful to continue discussions. They said the discussions have to be based on concrete examples or proposals by members on what to do.

The EU praised the fact that some standard-setting bodies had already started to change their practices to take into account exporters' concerns — a result of the committee's discussions, the EU said.

The US said some of its exporters also faced problems with private standards, but the discussion had to be "member-driven". Some developing countries agreed with this approach and proposed to bring concrete examples to the committee.

Transparency

The workshop on transparency was held before the committee meeting. Its objective was to help members

improve the way they meet their obligations to be transparent. These obligations include reporting trade restrictions and changes to regulations due to food, plant and animal health concerns.

The WTO receives on average 1,000 notifications each year. Workshop participants focused on ways to manage all that information in a better way, and on when and how to notify their measures. Members also discussed proposals on transparency issues, the preparation of a step-by-step manual for delegations, and possible changes to the recommendations on how to put these obligations into practice.

The workshop included a demonstration of the new SPS Information Management System.

Members showed interest in a proposal by New Zealand on a "mentoring" mechanism mediated by the Secretariat: members who need orientation to manage their notification agency or "enquiry point" would request help; developed and some developing nations would volunteer to be "mentors" and provide guidance. New Zealand stressed this would also develop personal relationships between professionals of the two governments involved. Many members asked for clarifications; some stressed that this should not replace current activities, and that the contacts should remain informal. The Secretariat develop a procedure for mentoring, to be presented at the next meeting.

Members also commented on an earlier proposal by Canada recommending notification of measures that comply with internationally-accepted standards. Opinions were divided between those who welcome this increase in transparency, and those who are concerned that it would increase the notifications burden. Other recommendations arising from the workshop included: activities to raise awareness at the national level; use of international standards as a point of departure for national legislation; increased regional information exchanges; reinforcement of a recommended 60-day comment period for new legislation.



China Applies To Join WTO Procurement Agreement

“China submitted its application on December 28, 2007 to join the World Trade Organization (WTO)’s government procurement agreement, the finance ministry said.

Finance Minister Xie Xuren signed the application on December 28, 2007, and its delegation to the WTO in Geneva has officially submitted it, formally launching talks on its entry to the pact, the ministry said in a statement on its website. The ministry said it was acting in line with a pledge it made in 2006. ...China is currently an observer to the pact. ...”

(Source: The World Bank Website, visited on 28-12-2007)

Pakistan questions Turkey's non-tariff barriers

Pakistan has questioned Turkey's trade regime embedded with non-tariff barriers (NTBs) restricting smooth flow of tradable commodities between the two countries. The issue was officially raised at the regular trade policy review of Turkey at the Geneva-based World Trade Organisation (WTO) recently.

Pakistan had also submitted written questions with Geneva-based Turkish mission for seeking details about the NTBs on Pakistan's specific exportable products.

A Pakistani official said that the bilateral trade could grow further if some non-tariff barriers like reference pricing, especially on Pakistans rice and textile products could be removed by Ankara.

(Source: 17 December 2007, www.thenewanatolian.com)

Specific trade concerns: resolved

China's import restrictions on products of animal origin from some European Union members: The EU informed the Committee that Chinese authorities put an end to import restrictions that had been put in place due to alleged dioxin contamination. The EU explained that the concern came up after an isolated incident and that EU authorities took prompt action to correct the issue.

Specific trade concerns: unresolved

Among the issues that have been raised before and remain unresolved Cooked poultry: two members — China and the US — raised concerns about import restrictions applied to cooked poultry because of avian influenza risks. They referred to guidelines by the World Organization for Animal Health (OIE), which state that the cooking process disables the virus. Coincidentally, China and the US were also targets of complaints, together with the European Union. The EU said it was working to lift these restrictions in a few weeks. The US argued that its regulation process could be time consuming, but a decision will be based on science. China said its ban was based on risk analysis, and that it would pass the information given by the US to the relevant authorities.

A number of other new and unresolved issues were also discussed.

Special treatment for developing countries

The chairman reported on an informal meeting held on 16 October. Members resumed discussions on two proposals from Egypt: one to amend Article 10.1 of the SPS Agreement, tightening obligations to provide special treatment for developing countries; and another to amend the recommendations on how to make special and differential treatment more transparent. These proposals were first discussed in the June SPS meeting.

Some governments showed reluctance in amending the agreement (as suggested in the first proposal) because it would change the balance of rights and obligations achieved by the negotiators. Egypt said its primary intention is not to amend the agree-

ment, but to give more precision to special and differential treatment obligations — it suggested other forms such as a decision by the General Council.

Members also briefly discussed proposals made in the Development negotiations (as part of the Doha round) related to granting time-limit exemptions to developing members; and also longer time frames for measures that have impact on developing countries exports (part of the Doha Implementation Decision).

Regionalization

The concept is that governments, when applying import restrictions due to a pest or disease, should recognize that an exporting region (part of a country or a border-straddling zone) is disease-free or pest-free (or has a lower incidence).

An informal working group trying to bridge differences in views regarding action by the SPS Committee has made progress, but is not ready yet to present a draft and would hold final consultations on the margins of the next meeting. The chair suggested it would be important to bring the consultations back to the Committee so members can decide on how to proceed.

Canada commended a list of members for applying the regionalization concept after it reported an isolated case of avian influenza, and urged others who banned all imports from the country to reconsider. The World Organization for Animal Health made a presentation during an informal meeting on this theme. Chairperson: Mr Marinus PC Huige of the Netherlands

Next meetings

These dates (with informal meetings earlier in the week) could still be changed: 2–3 April 2008

(Source: WTO Website)

Notification on warehousing surcharge amended

The Federal Board of Revenue (FBR) has amended notification regarding exemption from warehousing surcharge on certain goods.

The decision was taken through a customs notification SRO888 of 2007 by amending the SRO822 of 1991.

These amendments were made regarding goods imported as raw material in manufacturing bonds and stored in the open bonded manufacturing warehouses operating under customs rules.

The operation of rules has been now changed through the notification.

According to the amendments, in the aforesaid notification in the table—against serial no. 2 in the first column, in the second column, for the figures and word “237 to 263” the figures and word “342 to 363” shall be substituted and against serial no. 3 in the first column, in the second column, for the figure and word “237 to 263” the figures and word “342 to 363” shall be substituted.

(Source: Dawn, September 08, 2007)

CHINA SEEK CONSULTATIONS WITH US AT WTO



China demanded

consultations with the United States at the World Trade Organisation over a dispute involving coated paper, the Commerce Ministry said. The demand was in response to US anti-dumping and anti-subsidy investigations into coated or glossy paper imported from China.

Coated paper is widely used in the publishing industry as it offers sharper and brighter images and has better reflectivity than uncoated paper. The Ministry said China's delegation to the world trade body asked for consultations

in a letter delivered to the US delegation in Geneva.

According to WTO officials in Geneva, the request for consultations means the two sides will have two months to try to settle the dispute bilaterally.

If no resolution is reached, WTO arbitrators will make a ruling which could take up to six months to reach and can be appealed by either side, they said.

The demand for consultations comes amid a growing trade rift between China and the US, with Beijing increasingly showing its anger over a series of anti-dumping and anti-subsidy protests lodged by Washington at the WTO. Since November last year, the US has brought five Chinese products up for investigation before the

WTO that also include steel pipe and tyres.

Chinese officials said the investigations are targeting up to \$850 million worth of exports.

“Recently, the United States has carried out a series of measures with a distinct protectionist flavour,” Assistant Commerce Minister Wang Chao said late last month.

“It's also fair to say that they have not given full consideration to Chinese requests for consultations.” Trade tensions have further heightened amid a spate of safety scandals surrounding Chinese exports to the United States and elsewhere -- ranging from toys and tyres to seafood and toothpaste.—AFP

(Source: Dawn, September 15, 2007)

EXPERTS CALL FOR LAB ACCREDITATION

The Accreditation of laboratories can improve the quality of their products and service and thus enhance the country's exports, said experts at the conclusion of a three-day course for laboratory managers on ‘Method validation, internal and external quality assurance, traceability and uncertainty of measurement for chemical and microbiological testing’.

The Pakistan National Accreditation Council (PNAC) organised the course in collaboration with Norwegian Accreditation to train lab managers according to ISO-17025, an international standard for lab management. It plans to hold a similar course in Lahore. PNAC Director General Ab-

dul Rasheed Khan highlighted the importance of the Accreditation and Conformity Assessment Bodies (CABs) in economic development. He said labs should get themselves accredited by the PNAC in line with the WTO and Technical Barriers to Trade (TBT) for the credibility of their products and services in the international market. He said eastern countries, especially Korea and Taiwan, had witnessed a growing trend of lab accreditation that had left a positive impact on their economies. He said the accreditation of labs would improve health services, diagnostics, monitoring of

environment for risk assessment and product compliance. He said trained and qualified lab managers would assist their labs in accreditation under ISO-17025. He thanked Norwegian Accreditation for continued support to the PNAC in capacity building. Ismat Gul Khattak of PNAC and Khalid Saeed of Norway conducted the course.

(Source: Daily Times, August



WTO CHIEF SEEKS POLITICAL SPAM FOR GLOBAL TRADE TALKS

World Trade Organisation chief Pascal Lamy called for a "political spasm" soon to drive the deadlocked Doha round of global trade talks past its final set of hurdles.

My take is that we are entering the last laps, Lamy said as negotiators completed a first week of intensified negotiations on fresh compromise proposals to cut barriers in two key areas, agriculture and industrial goods. Lamy told a conference on international security issues that the compromise text "still reflects the gap" between the WTO's 151 members.

There are not wide differences to be narrowed but there remain some differences -- much less than there was last year or two years ago, he explained. Chief negotiators have scheduled three weeks of intense talks at WTO headquarters in Geneva to

narrow the divide and agree on the outline of cuts in farm subsidies, and import tariffs on farm and industrial goods, before the end of the year.

This will not take place without a political spasm which has to take place quite soon, Lamy underlined.

The WTO Director General has repeatedly called for greater political input from world leaders to bridge the gap between rich and poor countries that has dogged the talks since they were launched in the Qatari capital in 2001.

In his speech to the International Institute of Strategic Studies conference in Geneva, Lamy argued that free and fair trade -- and its broadening under Doha Round -- was an essential component for global security.

The conclusion of the Doha Development Round has strategic importance, Lamy

said, underlining that it would reinforce the globalisation's acceptability.

A failure in the Doha Round will maybe lead to resentment, frustration, in particular from developing countries who have heavily invested in negotiations and want to rebalance the system in their favour, he cautioned.

The Doha Round was primarily aimed helping developing nations to take advantage of expanding global trade, particularly by cutting farm subsidies that support the prices of rich country produce on world markets, and by easing access to agricultural markets in Europe and North America.

(Source: WTO Website)

PSQCA URGED TO ENFORCE QUALITY STANDARDS

The preparation of substandard goods would not be tolerated in any case, said Ch Nouraz Shakoor, Federal Minister for Science and Technology. He was chairing the third meeting of the Board of Directors of Pakistan Standard Quality Control Authority.

Adoption of standard specifications prepared by the PSQCA is most essential for the economic growth of Pakistan, he added. He said that special attention is being given to improvement in industrial standardisation,

use of authority mark and recovery of marking fees and enhancement of standard of the manufactured product in the country. Standardised and quality culture would facilitate the business community to meet the challenges of WTO regime.

He directed the authority to improve quality consciousness among consumers through advertisements promoting the use of quality and standardised products and also discourage manufacturing and purchases of

substandard goods.

The Government of Pakistan has decided to take action against manufacturers of substandard goods so as to encourage manufacturers of quality products in the country, he informed.

He said the PSQCA must also ensure that it issues licenses to only those manufacturers who fully comply with requirements relating to the prescribed quality standard.

(Source: Dawn, September 08, 2007)

US-EU Deal on Online Gambling

Separately at the WTO, the United States and European Union reached an agreement Monday on a compensation package from the US following its withdrawal of commitments related to Internet gambling made under the WTO General Agreement on Trade in Services (GATS), according to an EU release. The US compensation has to offset its commitment so that the "overall level of its market access remains the same."

The EU did not name the value of the compensation package, but said the bilateral agreement provides EU services suppliers with "new trade opportunities in the US postal and courier, research and development, and storage and warehouse sectors. Concessions also were made in the US testing and analysis services sector, the EU said.

The agreement is to be certified by the WTO, following which the European Commission, the EU regulatory arm, will seek a non-discriminatory policy related to online gambling in the United States, ensuring foreign firms receive fair treatment.

(Source: www.ip-watch.org)

US FILES FRESH WTO COMPLAINT AGAINST CHINA



US officials filed a World Trade Organisation complaint challenging China's limits on import of products of copyright-intensive industries, such as films, music and books.

It will be the fourth World Trade Organisation case Washington has launched against Beijing in little over a year.

Sean Spicer, a spokesman for the office of the US Trade Representative (USTR) said that the United States and China have tried, through formal consultations over the last several months, to address US concerns about the importation and distribution barriers that US movies, music and publications face in China.

He said that those discussions have unfortunately not led to a resolution of our concerns, and so we are now taking the next step in this case and asking the WTO to establish a panel. The case will be of particular interest to Hollywood studios, Apple Inc.'s iTunes store and other American media providers possibly suffering from the "less favourable distribution opportunities" in China that the US has cited in its WTO complaint.

The WTO is already investigating three Sino-American trade disputes. Washington accuses China of illegally hindering import of foreign auto parts, providing government subsidies to a number of Chinese industries, and effectively providing a safe haven for product piracy and counterfeiting through excessively high thresholds for criminal prosecution.

(Source: Dawn, October 12, 2007)

WTO TO LAUNCH PROBE OF US ANTI-DUMPING RULES

The World Trade Organisation is investigating claims that the United States is still breaking global commerce rules with the way it penalises "dumping" of imports. The European Union has asked the WTO to examine whether Washington has changed its practices to comply with WTO rules after a ruling last year against US dumping fees on about two dozen European goods, ranging from stainless steel to Italian pasta. The request was listed

in an agenda for the WTO dispute settlement body meeting published today. The US has agreed not to



delay the establishment of an investigative panel, trade officials said.

Dumping occurs when foreign producers export products at below the market price - usually because the exports have been subsidised or in an attempt to corner the market. In certain circumstances, trade rules allow governments to impose additional duties on dumped goods to protect domestic producers.

(Source: The World Trade Review, Issue No.19, Volume No.7)

ONION EXPORT TO INDIA NOT ALLOWED



The government has refused to allow onion export to India as it may send the commodity's prices soaring in the local market, The News has learnt.

The Indian government, through Pakistani mission in New Delhi, had requested Islamabad to allow import of a certain quantity of onion as Delhi faced a shortfall and high prices of the commodity.

"The government will not allow onion export to India for many reasons. First, the crop size is not according to estimates because floods and heavy rains in Ba-

lochistan have destroyed nearly 50 per cent of the crop.

"Second, the export permission will lead to price rise in the local market as domestic consumption increases in the month of Ramazan," a government official said.

Onion crop is harvested round the year in Pakistan. It is collected from May to July in the NWFP, which accounts for 10 per cent of total production.

In Balochistan, the crop is harvested during July and October and has a 20 per cent share while Sindh enjoys 41 per cent share in total production. In Punjab, the crop is harvested during May and June and has a 20 per cent share.

"The Ministry of Food, Agriculture and Livestock will oppose onion export to India as it will badly hurt prices in the local market

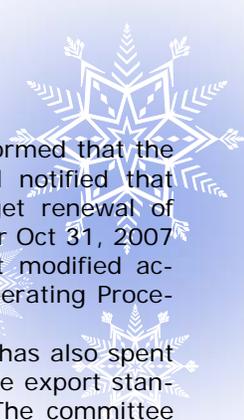
and the ministry will not support any such move particularly in Ramazan," said an official of the MIN-FAL.

Comparing onion prices in India and Pakistan, the official said onion was sold at Rs25 per kg in the local market while in India, the price hovered around Rs30 per kg. The shortfall in the crop, which is a political commodity in India, could spark a price surge there.

In Pakistan, "we have comfortable stocks and domestic production of onion is expected to meet consumption," the official said. Pakistan consumed 1.5 million tonnes of onion against production of 2 million tonnes last year. Onion exports totalled Rs8.6 million in July to March 2006-07.

(Source: The World Trade Review, Issue No.19, Volume

HEATED DEBATE ON SEAFOOD EXPORT BAN



Seafood exporters and the fisheries department have failed to set a timeframe for getting the ban on seafood exporters lifted as the blame game between the two parties persisted.

In a heated debate between various seafood exporters and the provincial and federal departments, both were not ready to take the responsibility and asked each other to address the European Union's complaints for getting the export ban lifted.

The issue was raised in a meeting of the National Assembly Standing Committee on Food and Agriculture, which met with Makhdoom Ahmed Alam Anwar. The committee meeting was convened to discuss the suspension of seafood exports to the European Union.

The committee recommended that it is the prime responsibility of the food business operators to address hygienic issues and comply with EU standards. Committee Chairman Makhdoom Ahmed Alam Anwar, in his observation, said the Ministry of Food, Agriculture and Livestock

should not focus on earlier issues, rather it should concentrate on present matters like meeting the EU standards.

The ministry along with its attached departments should introduce revolutionary steps not only to save the industry, but also increase its exports, which had a capability to rise to \$1 billion, the chairman added.

Capt (Retd) Akhlaq Hussain Abidi, MNA, expressed fear that Pakistan would lose the whole fish exports after EU's suspension of processing units for not meeting their standards, as the exporters were getting much less per unit value of fish than their competitors.

He alleged that the MINFAL was behind this move, as it pressed the Pakistani mission in Brussels to pursue the matter with the EU and Saeed Khalid, a subordinate officer of Tariq Puri, Pakistan's Commercial Counselor in Brussels, negotiated with the European Commission for delisting Pakistani processing plants.

"There will be law and order situation at the Karachi fish harbour if the seafood export issue is not resolved ami-

cably," Abidi warned.

The committee was informed that the Sindh government had notified that the boats would not get renewal of their fishing permit after Oct 31, 2007 if the vessels were not modified according to Standard Operating Procedures (SOPs).

The Sindh government has also spent Rs50 million to meet the export standards set by the EU. The committee was also informed that the EU raised seven points on vessels, eight points on auction halls and 35 points on processing units (establishment), which are still not addressed by the fishermen community.

Vice president of Fishermen Cooperative Society Haji Ahmed said that the community with the assistance of federal and provincial would meet the set procedures. He further said "we are improving as 50 per cent of the fish is consumed domestically."

(Source: The World Trade Review, Issue No.19, Volume No.7)

CHINA THREATENS WTO CLAIM OVER US EXPORT DUTIES

China threatened the US with litigation at the World Trade Organisation for imposing anti-subsidy duties on its paper exports, in only the second dispute Beijing has brought since joining the WTO in 2001.

The move marks a further escalation of trade friction between the two nations and follows an abrupt change of policy by the US, which broke a 23-year precedent by imposing so-called "countervailing duties" on exports from what it designates as a non-market economy.

The US said tax breaks and low-cost loans from Beijing were unfairly helping China's exports of coated paper. It also said China was dumping - selling at a lower price in the US than at home.

Some lawyers have warned that

imposing countervailing import duties against China could open the floodgates to a new wave of protection and litigation.

China said the US had failed to show how much its government subsidy programme helped exports, a requirement before imposing duties under WTO rules. The US must now enter into consultation with China and either withdraw the duties or prepare for a case at the WTO's dispute settlement panel, which has the power to order retaliatory sanctions.

The case is the first brought by China on its own at the WTO. Previously it joined a case brought by the EU against the US for restricting steel imports.

Separately, the WTO announced that the US had requested a dispute panel

in its claim that China was failing to protect intellectual property rights.

The European Union is poised to extend anti-dumping duties on energy-efficient Chinese lightbulbs for a year although no member states positively support the plan, reports Andrew Bounds in Brussels. In a meeting, 15 nations abstained, 10 voted against and two were undecided, a diplomat said.

Abstention counts as approval of the European Commission's proposal to retain the tariffs. on energy-efficient bulbs at the request of Osram, the German producer. States have one more chance to vote before the proposal becomes law.

(Source: The World Trade Review, Issue No.19, Volume No.7)

transitional safeguard mechanism

In textiles and clothing, allows members to impose restrictions against individual exporting countries if the importing country can show that both overall imports of a product and imports from the individual countries are entering the country in such increased quantities as to cause – or threaten – serious damage to the relevant domestic industry.

tariff binding

Commitment not to increase a rate of duty beyond an agreed level. Once a rate of duty is bound, it may not be raised without compensating the affected parties.

tariff escalation

Higher import duties on semi-processed products than on raw materials, and higher still on finished products. This practice protects domestic processing industries and discourages the development of processing activity in the countries where raw materials originate.

tariff peaks

Relatively high tariffs, usually on “sensitive” products, amidst generally low tariff levels. For industrialized countries, tariffs of 15% and above are generally recognized as “tariff peaks”.

tariffication

Procedures relating to the agricultural market-access provision in which all non-tariff measures are converted into tariffs.

(Source: WTO Website)

REGIONAL DEALS MAKE GLOBAL TRADE MORE COMPLEX

Countries seeking a global pact to simplify and open up worldwide trade are also forging side deals that make commerce more complex, distort flows and put small countries at the mercy of bigger, richer nations. Diplomats and trade experts say, bilateral and regional accords are creating a confusing web of trade links – often described as a ‘spaghetti bowl’ – that may undercut World Trade Organisation (WTO) efforts to level the playing field for all. “Regionalism won’t go away. It will continue to spread,” said Eirik Glenne, Norway’s ambassador to the WTO. But such regional-free trade agreements (FTAs) are not the best way to organise world trade, he told a WTO conference. The main objection to such

small-scale free trade agreements is that they encourage ties between certain pairs and groups of countries at the expense of others, causing producers to use suppliers that may not be the most competitive. “The spaghetti bowl falls hardest on the heads of the smallest countries,” said Richard Baldwin, a trade expert at Geneva’s Graduate Institute of International Studies. Nearly 400 regional and bilateral FTAs are due to be implemented by 2010 and more than 200 are already in force. Only one of the WTO’s 151 member states, Mongolia, is not party to such a deal. Many export-reliant countries have sought out regional deals out of frustra-

tion at the slow pace of the WTO’s six-year-old Doha round of talks, where 151 member states are struggling to agree on ways to lower worldwide tariffs and subsidies. “The WTO is going in the right direction, but not at the right speed,” Mario Matus, Chile’s WTO ambassador, told the WTO conference. Matus said Chile, which has signed 20 FTAs with about 60 countries, cannot produce efficiently for its home market and needs secure access for its exports abroad to power its economy. “We’re a young country, we have to go quicker,” he said. “We have to get people out of poverty quicker.”

(Source: Reuters, September 14, 2007)

EC LIKELY TO LAUNCH SECOND PHASE OF TRTA

The European Commission (EC) is most likely to initiate the second phase of Trade Related Technical Assistance (TRTA). “In view of the successes achieved under the ongoing TRTA, the EC is now looking forward to funding another TRTA to build on the interventions initiated in the current programme,” Jan De Kok, Ambassador of the EC delegation to Pakistan told journalists. Earlier, addressing a seminar to review TRTA progress, the ambassador said, “We look forward to see new developments in the areas of cooperation with Pakistan,” adding that the financial package for Pakistan has been increased from Euro 15 million to Euro 50 million annually for the future cooperation programme.

“Trade related assistance will be high on our agenda along with major interventions in rural development, education, governance and human rights,” he added. He said that trade relations between European Union (EU) and Pakistan were very significant adding that EU markets were the biggest export market for Pakistani products. He said that during 2006-07, Pakistan’s exports to the EU had a value of almost 3.5 billion Euros accounting for 28 per cent of total Pakistani exports globally, adding that Pakistani imports from EU were only 21.4 per cent of its total imports from all over the world. The TRTA programme had made a positive contribution in developing Pakistan’s

trade capacity and it would help Pakistani exporters to reduce cost of local products. “The exporters will now be able to send their products for testing to local laboratories that are in the process of accreditation,” he said. “At the same time, authorities in European Union will now have more confidence in the results of tests made in Pakistani laboratories”, he added. He said that TRTA programme would allow Pakistan to properly defend its interest in the WTO because its government officials have now been trained to better understand the rules and functions of the WTO .

(Source: The News, August 29, 2007)

FIRST PAKISTAN EFTA MEETING CONCLUDES: NEGOTIATIONS TO CONTINUE IN 2008

Pakistan and European Free Trade Association (EFTA) have entered into a market access dialogue for the benefit of both sides. EFTA and Pakistani trade officials met in Geneva in their first discussions to investigate how trade and investment relations can be expanded for mutual benefit. EFTA is a free trade association between Switzerland, Norway, Iceland and Liechtenstein. Mr Syed Asif Shah, Secretary, Ministry of Commerce led the Pakistani delegation.

During this explorative and interactive meeting the delegations exchanged information on current trade regimes of EFTA States and Pakistan, which are trade, and investment flows, existing trade agreements and ongoing negotiations. Views on trade policies and the architecture of EFTA and Pakistan's trade and investment agreements were also discussed. In 2006, Pakistan-EFTA trade stood at approximately \$500 million. Paki-

stan's main exports to EFTA are clothing, textiles, rice, leather products, sports goods, and surgical instruments. Main imports are machinery, chemicals, precious stones, electronic equipment, pharmaceutical products, iron and steel, and plastics. There are also major multinationals from EFTA Member States operating in Pakistan: Nestle, Novartis, and Roche from Switzerland and Telenor from Norway are major investing companies. Pakistan is proactive in bilateral and multilateral trade diplomacy with key partner countries in the World Trade Organisation. Pakistan has implemented FTA with China and Sri Lanka. It has concluded negotiations on a comprehensive FTA with Malaysia and has recently agreed on a Preferential Trade Agreement (PTA) with Indonesia.

The EFTA has 15 FTA with 19 partner countries and territories around the world. Negotiations are in progress

with Colombia, the GCC, Peru and Thailand. In addition, there are dialogues on possible negotiations with India and Indonesia. The EFTA States are the world's tenth largest in trade in goods and fifth in trade in services. They are also among the world's largest markets for both outward and inward investment flows. They rank among the ten countries with the highest GDP per capita. The meeting concluded with an agreement to continue deliberations on ways and means of expanding trade and investment relations in early summer 2008. These deliberations will address all available trade policy instruments with a view to improving framework conditions and market access for goods, services and investment.

(Source: Daily Times, October 14, 2007)

EU IMPOSES BAN ON CHILLIES FROM PAKISTAN

The European Union has imposed a ban on the import of red chillies from Pakistan as the commodity has been found infected with fungal disease Aflatoxin. A spokesman for Agribusiness Development and Diversification Project's Implementation Office Sindh told that chilli was the main cash crop of Sindh but due to a post-harvest fungal disease Aflatoxin attack, its production had tremendously reduced and exports of millions of tonnes of chillies stopped. This would deprive the government of huge foreign exchange earnings.

The production of chillies is suffering from the fatal Fusarium and Phytium diseases in the field, while Aspergillus Falvus, a fungal disease in the post harvest stage, produces Aflatoxin, which is worst cancer producer in human beings. Due to the existence of Aflatoxin, export of red chillies from Pakistan has been banned to European countries.

Millions of tons of chillies were exported every year but unfortunately Aflatoxin has adversely effected the cultivated area and badly damaged the crop. The production of chillies

has decreased by 49.6% from 32.4%. Post harvest losses were also higher this year compared to last year. Pakistan achieved 61,900 tones of chilli this year compared to 122.900 tones last year.

A team of Agribusiness Development and Diversification Project, Project Implementation Office (PIO), Sindh visited Kunri and arranged focus group meetings on chillies. A large number of growers, processors and exporters who attended the meeting brought the problem of Aflatoxin to their notice and proposed that a delegation of growers and exporters may be organised to visit India to know about their harvest, to educate themselves particularly about the processing and drying system and adopt the same methods in Pakistan to make this huge and important crop exportable, meeting the WTO conditionalities and international standards.

They also showed interest in importing machinery and technology from India if they were convinced that it would upgrade our system and technology. On the suggestion of PIO, Sindh a delegation of chilli growers and

exporters may be organised and visit India during the month of February. Ministry of Food, Agriculture and Livestock had launched Agribusiness Development and Diversification Project in all the four province and Azad Jammu and Kashmir (AJK), Federally Administered Tribal Areas (Fata) and Federally Administered Northern Areas (Fana) during the year 2005-06.

The is assisted by Asian Development Bank (ADB), which aims at promoting private sector AGRO-Enterprise Development throughout the whole value chain. The primary focus of the project is on the development of agribusiness in horticulture, livestock and dairy sub-sectors and to help in the production and export of high value-added crops such as fruits and vegetables, flowers, livestock and dairy products. It also aims at training 25,000 farmers in the agribusiness sector. This would create job opportunities, improve the standard of living of people of rural areas and alleviate poverty.

(Source: www.pakissan.com)

DISPUTE SETTLEMENT

Panel established

US — *Subsidies and other domestic support for corn and other agricultural products*

US — *Domestic support and export credit guarantees for agricultural products*

At the second time requests of Brazil and Canada, a single panel was established to review US farm subsidies and domestic support programmes.

In their requests, Brazil and Canada asked for a single panel to be established to consider both cases jointly. The US did not object to this proposal.

Canada stated that the US was providing trade distorting subsidies which were inconsistent with its WTO obligations. Canada estimated that the US exceeded the level of its authorised subsidies by billions of US dollars each year. Canada regretted that the consultations held in February 2007 did not resolve the matter.

Brazil regretted the exchange of information during the consultations held in August 2007 were not sufficient to dissipate its concerns. Brazil said that US measures nullified the benefits of the Agreement on Agriculture.

The US declared it was disappointed at Canada's and Brazil's requests. The US said that this dispute was an unnecessary diversion of resources and time from the Doha Round negotiations. The US stated that its farm programmes were designed to be in compliance with its WTO obligations and believed the panel would agree. The US added that some measures identified by Canada and Brazil had ceased to exist 5 years ago and others were not part of the consultations with Canada. The US added that in agreement with Canada and Brazil the meeting of the panel would be open to the public.

The countries that reserved their third party rights are the EC, India, Japan, Australia, Argentina, China,

Thailand, Mexico, New Zealand, South Africa, Chile, Chinese Taipei and Nicaragua.

Panel request

Australia — *Measures affecting the importation of apples from New Zealand*

New Zealand requested a panel for the first time to review measures affecting market access of its apples into Australia.

Australia did not agree to the panel. New Zealand said it had sought access for its apples into the Australian market since 1986. New Zealand considered that the measures prohibiting its apples into the Australian market were not scientifically justified and were inconsistent with the SPS Agreement. New Zealand regretted that the consultations held in October 2007 did not resolve the matter.

Australia was disappointed that New Zealand had requested a panel and added that the bilateral channels were the most effective way to deal with such a matter. Australia said it remained open to further consultations and stated that the measures identified by New Zealand were science based and in full compliance with its WTO obligations.

Adoption of reports

Brazil — *Measures affecting imports of retreaded tyres*

The DSB adopted the Appellate Body report and the panel report on Brazil's measures banning imports of retreaded tyres from the EC.

The EC said it was expecting Brazil to lift the import ban on retreaded tyres. The EC said it was the fastest and best way to do away with the current discrimination which was not permitted by the Appellate Body.

Brazil declared it would carefully examine the conclusions and recommendations of the two reports and would inform the DSB of its intentions re-

garding the implementation of the ruling.

The US said that it agreed with other members about the utmost importance of human health and environment protection. The US appreciated that the reports showed an understanding of the need to carefully evaluate these complex issues.

Australia welcomed the Appellate Body report.

Japan — *Countervailing duties on dynamic random access memories from Korea*

The DSB adopted the Appellate Body report and the panel report considering Japan's countervailing duties imposed on DRAMs imports from Korea.

Korea said the reports would eliminate any basis for the continuation of countervailing duties on DRAMs exported to Japan.

Japan said it was not entirely satisfied with the findings of the Appellate Body but it would carefully review its recommendations and conclusions to decide on implementation measures.

The EC welcomed the Appellate Body report.

Next meeting

The next meeting of the DSB will take place on 21 January 2008.

(Source: WTO Website)

LACK OF QUALITY STANDARDS AFFECT PAKISTAN'S EXPORTS

Most of Pakistan's agriculture export consignments are either confiscated or rejected by foreign countries, particularly the EU countries, due to non-compliance of international quality standards and lack of best agriculture practices in the country.

Major hurdles in the way of Pakistani agricultural exports are the lack of implementation of the sanitary and phytosanitary (SPS) legislations and not compliance of the best agriculture practices in the country. Being a member and signatory of the WTO, the government is still unable to follow the SPS regulations that protect animal or plant life or health within the territory of the member countries from risks arising from the entry, establishment or spread of pests, diseases, disease-carrying organisms or disease-causing organisms.

The SPS measures include all relevant laws, decrees, regulations, requirements and procedures including, inter alia, end product criteria; processes and production methods; testing, inspection, certification and ap-

proval procedures; provisions on relevant statistical methods, methods of risk assessment; and packaging and labeling requirements directly related to food safety.

In Pakistan marketing practices are not performed on a scientific basis; that is, as per the requirements of agreement on application of SPS measures of the WTO. Due to its non-implementation several Pakistani agriculture consignments have either been confiscated or rejected by foreign countries particularly EU countries.

Rice, wheat and kinow exports were few projects that were rejected by foreign countries. Kinow exports were rejected in the past because it was packed into wooden boxes, which were prohibited under SPS because they may carry some pests across the border. Complaints of pesticide residue have also been reported.

The SPS agreement was a threat for developing countries like Pakistan because they do not have, so far, enough modern technology to meet SPS requirements. They also do not possess enough resources to import these technologies.

In August, Russia had re-

jected a consignment of 7,000 tonnes of Pakistani rice ready for shipment at a port of England. It was done after a high-level delegation of Pakistani rice exporters and federal food ministry visited Moscow to influence the Russian phytosanitary watchdog to lift ban on import of Pakistani rice. In what appears to be a major disappointment for Pakistan's diplomatic efforts made over the last six months, Russia opted to pack Indian rice in the same vessel in which Pakistani rice was supposed to be shipped, a leading rice exporter told this scribe.

The Russian Federal Veterinary and Phytosanitary Surveillance Services (VPSS) had imposed ban on import of rice from India, Pakistan and Vietnam in December 2006. At present these countries are lobbying for resuming their export to Russia. Rice from Pakistan was never exported to Russia directly but through England and with the help some Middle East-based exporters. This decision by the Russian government has deprived the Pakistani exporter of an opportunity to make a lobby in Russia to protect its interests.

NEWS IN BRIEF

WTO issues arbitration report on gambling dispute

The WTO, on 21 December 2007, issued the arbitration report regarding Antigua and Barbuda's complaint against "United States – Measures affecting the cross-border supply of gambling and betting services"

Panel report out on Mexico-US anti-dumping dispute

The WTO, on 20 December 2007, issued the report of the panel that had examined Mexico's complaint against "United States – Final anti-dumping measures on stainless steel from Mexico"

WTO issues compliance report on Brazil-US cotton dispute

The WTO, on 18 December 2007, issued the report of the compliance panel on Brazil's complaint against "United States – Subsidies on upland cotton"

Lamy welcomes Cape Verde's accession as another sign of confidence in the WTO

Director-General Pascal Lamy, on 18 December 2007, welcomed the General Council's approval of Cape Verde's accession as "adding another valuable member to the family and brings us another step closer to universal membership".

Tariff talks crucial to industrialization strategies of developing countries-Lamy

Director-General Pascal Lamy, in his address to the 12th Session of the UNIDO General Conference in Vienna on 3 December 2007, said that with over 70% of developing country exports accounted for by manufactured goods, the negotiations on industrial tariffs are "crucial to the industrialization strategies of developing countries".

Lamy: Doha could deliver double win for environment and trade

Director-General Pascal Lamy, in a speech at the Informal Trade Ministers' Dialogue on Climate Change in Bali on 8-9 December 2007, said that the Doha negotiations on environmental goods and services could deliver "a double-win for some of our members: a win for the environment and a win for trade". He said that the WTO tool-box of rules "can prove valuable in the fight against climate change" but awaits "a truly global consensus on how best to tackle the issue".

WORKING PARTY FOR COMOROS

The General Council, on 9 October 2007, established a working party to examine the application of the Comoros to accede to the WTO. It authorized its Chair to designate the Chairperson of the working party in consultations with members and the representative of Comoros.

Mr. Said Abdou Salime, Secretary General at the Ministry of Economy and Trade of the Comoros said that the membership application of his country to the WTO was proof of its political will to become part of the world economy. He said that his government recognized that trade policy is an essential part of development.

Madagascar, Mauritius and Lesotho welcomed the application of Comoros, and noted that the country should benefit from the special accession procedures for least-developed countries. Jamaica on behalf of the ACP Group and Paraguay on behalf of the informal group of developing countries also supported the application of the Comoros.

PAKISTAN'S FTA WITH MALAYSIA FINALIZED

The long-awaited Free Trade Agreement (FTA) with Malaysia has been finalised which would be implemented from January 2008, after formal approval of the Cabinet, sources in Commerce Ministry told. Initially, an agreement on 'Early Harvest Program' (EHP) was signed in December 2005 during the Prime Minister's visit to Malaysia and effective from January 2006. Sources said that reduction of tariff on palm oil was a major issue in the negotiations as import of palm oil from Malaysia involves substantial quantity having annual value of over \$375 million. Pakistan offered to reduce tariff on palm oil by 10 percent on a margin of preference on January 1, 2008 and further 5 percent on January 1, 2010 and to which Malaysia finally agreed.

The schedule of concessions, which is an integral part of the agreement, has been divided into four Faster Tracks (FT) suggesting elimination of tariff in two reductions by January 1, 2009 and Normal Tracks (NT), on products in this track would be eliminated by January 2012.

Sensitive Tracks (ST) has been further divided into three-sub-tracks i.e.

(a) Sensitive track - where tariff will be reduced to 5 percent by 2011. In case of Pakistan, however, for certain products, attracting applied MFN tariff of 15 percent tariff would be reduced to 5 percent in 2014.

(b) Sensitive track (2) - where tariff would be reduced to 10 percent by 2014.

(c) Sensitive track (3) - where tariff will be reduced to 20 percent by 2009 or 2011.

Pakistan has also offered reduction of 20 percent tariff on margin preference concerning 129 tariff lines where Pakistan had given the same treatment to China in FTA.

Sources said that both countries have also kept a list of products in the highly sensitive category where tariff will not be reduced for the present. Besides, there was also an exclusion list, which would be kept outside the bilateral agreement. These products are mostly related to national security requirements, protection of human

health or safety, animal or plant health, environment and for religious reasons.

Malaysia will eliminate tariff on about 80 percent of Pakistan's existing imports into Malaysia whereas Pakistan has covered only about 23 percent of current imports of Malaysia in this category.

Commerce Ministry claims that it has protected all its core manufacturing industries which include auto sector, electronics, footwear, leather products, locally manufactured chemicals and machinery, paper, garments and synthetic textiles, articles of wood and furniture etc.

Pakistan has gained market access for all our core products like cotton yarn, cotton textiles, bed linen, home textiles, jewellery, kinnow, mangoes, some engineering goods, leather products and minerals etc.

To ensure that no circumvention takes place and preferential tariff is applied on the goods originating from the respective FTA partners, the provisions of Rules of Origin, appearing in chapter 3 of the agreement would be followed by both the countries.

The criterion to confer origin is that either the goods are wholly produced; or the value-addition is not less than 40 percent of its contents, or that the goods produced undergo a change of tariff heading on 4-digit HS. Besides, product-specific Rules of Origin were also negotiated with the consensus of all the stakeholders in Pakistan. Product-specific rules provide further protection to agriculture and industrial products.

For agricultural products including prepared foodstuffs, the criterion of wholly obtained or produced in the territory of exporting country has been adopted. Since Malaysia, except palm oil, depends mostly on imported fruits, vegetables grains and other agricultural produce, the net beneficiary for market access will be Pakistan where such products are produced in large quantities.

For cotton and blended textiles, the criterion of conferring origin would be a 'Yarn Forward Rule' i.e. only the import of fibers is allowed and spinning, weaving and finishing of fabrics should be carried out within each

country to get the benefit of preferential tariffs. Pakistan can easily comply with this criterion of origin.

Accordingly, the tariff reduction modality read with the product-specific Rules of Origin ensures protection to our core industrial and agricultural products.

Although most of the goods placed in the fast track by Malaysia have applied tariff of zero percent, the Bound Rates of Malaysia in WTO are much higher. Under this bilateral FTA, Malaysia has bound the rates of tariff, which were at zero percent on January 1, 2006. The rates of tariff, which were higher, especially textiles, would also be reduced to zero percent creating a level playing field for Pakistan.

Pakistan will authorise Trade Development Authority of Pakistan (TDAP) to issue certificate of origin to the exporters. In the case of Malaysia, the certificate of origin shall be issued by Ministry of International Trade and Industry (MITI).

In the area of trade in services, both countries have offered market access to each other beyond their current multilateral commitments in the WTO.

In the ongoing Doha Round of negotiations, both countries have also tabled their respective initial offers for negotiations at the multilateral level. These initial offers will become binding on both countries after the conclusion of the Doha Round.

While preparing the initial offer to WTO under the Doha Round a mandate was secured by the Ministry of Commerce from the ECC. Under the FTA with Malaysia, Pakistan has offered market access on services to Malaysia within the parameters decided by the ECC. In fact, the ECC had agreed to provide equity of 70 percent in mode 3 (commercial presence) but the equity offered to Malaysia is only 60 percent. In the financial services, the offer of Pakistan is 49 percent. Compared with our multilateral commitments of Uruguay Round, Pakistan's offer to Malaysia is WTO plus.

Malaysia in its schedule of commitment for 'services' has offered a WTO plus package by opening more sectors and sub sectors and increas-

the field of services. The most important concession secured from Malaysia is in the field of Islamic Banking and Takaful.

Malaysia has allowed 100 percent equity to Pakistan in these sub-sectors sources said, adding that this is a concession which is even beyond Malaysia's initial offer to the WTO in the Doha Round. Besides, Pakistan will be the first country, which has been offered 100 percent equity in these sectors by Malaysia. The overall package of trade in services was negotiated with Malaysia with the complete consensus by all relevant stakeholders like State Bank of Pakistan (SBP), Ministries of Information Technology, Industries, Production and Special Incentives, Food Agriculture and Livestock, Higher Education Commission, Board of Investment, Telecommunication Corporation, Securities and Exchange Commission of Pakistan etc.

For real market access in trade in services, mutual recognition arrangements are also necessary. As an overall package of the FTA, a framework agreement on 'Mutual Recognition Arrangements' was also negotiated.

This framework agreement will enable stakeholders of both countries to move forward and avail the market access provided under the FTA. For initiatives in investment, the negotiations built upon an earlier bilateral agreement on the 'promotion and protection of investment' which was signed in Kuala Lumpur on July 7, 1995. Board of Investment was the focal authority to negotiate the investment chapter.

The commitments negotiated for investment shall not be available to any other country and the bilateral investment treaties signed by Pakistan so far will also have no impact on the bilateral investment regime in FTA.

Both countries have agreed that investors shall be accorded a treatment by both countries not less favourable which is accorded to their own investors. This principle (National Treatment) will have certain exceptions as agreed in the negotiations annexed to the chapter of investment.

For reducing cost of doing business cooperation between customs administrations of both countries is essential as all the imported and exported goods pass through this barrier.

Although both countries have undertaken to reduce/eliminate tariff gradually yet to safeguard against any surge of imports due to trade on preferential tariff bilateral safeguard measures have also been agreed by both countries. The Rights and Obligations to initiate trade remedy measures available under the WTO have been kept intact.

Recognising the fact that to increase bilateral trade, cooperation and harmonising sanitary and phyto-sanitary measures and standards is essential, the agreement contains specific provisions in these areas. The concerned stakeholder Ministries like Ministries of Food, Agriculture and Livestock, Science and Technology and Pakistan Standards and Quality Control Authority will interact with their counterparts in Malaysia to ease non-tariff measures which affect the movement of goods across borders. Similarly, the observations of international applications relating to intellectual property have also been reaffirmed.

While implementing the bilateral FTA, certain disputes relating to interpretation or application of the agreement may arise. A dispute settlement mechanism was agreed.

To resolve the bilateral disputes emphasis has been placed on bilateral consultation. In case disputes are not resolved in this manner, a settlement of arbitral tribunal comprising arbitrators of both countries and chaired by a third arbitrator from a country other than Pakistan and Malaysia has been agreed. The arbitrator will work in accordance with a procedure similar to mechanism of dispute resolution in the WTO.

Sources said that Federal Board of Revenue (FBR) may issue a notification for reduction in tariff for imports from Malaysia with effect from January 1, 2008.

(Source: November 14, 2007, www.uniquepakistan.com)

Pakistan, Turkey talk trade hurdles

Pakistan and Turkey discussed major impediments to enhancing trade which included lack of land and shipping transportation system, minimal consultation of business communities of both the countries and sharing of information.

The discussion came during a meeting between a 42-member visiting trade delegation of Turkey, led by M Rifat Hisarciklioglu, Chairman of the Union of Chambers and Commodity Exchange and Federation of Pakistan Chambers of Commerce and Industry President Tanvir A Sheikh. Business and trade community of the country was also present.

Currently, bilateral trade between the two countries is about half a billion dollars which is very nominal. However, both the governments have agreed on its enhancement through cooperation in tourism, construction, transport, energy, information technology and other sectors.

For augmenting bilateral trade, Pakistan has also sought Turkish government's certification for high-quality Pakistani leather and surgical goods. Pakistan is manufacturing quality leather products, ISO-certified surgical equipment and sports goods, which could have a larger share in the Turkish market and the US and EU through Turkey, as there exists scope for third country exports in these areas.

M Rifat Hisarciklioglu said Pakistan was becoming a new trade and energy corridor and its economic performance had been impressive and was one of the fastest economies of the Asian region.

Turkey's economy is the 17th largest in the world with GDP worth \$400 billion. Turkish exports during the last five years increased by 100 per cent and currently stand at \$100 billion, of which about 92 per cent are industrial goods. Last year, Ankara attracted \$20 billion in foreign direct investment and "today about 165 Turkish construction companies are working in other countries.

FPCCI President Tanvir A Sheikh said there were many areas such as tourism, education and culture where Pakistan and Turkey had common perceptions and interests. However, over the years, the two brotherly countries have not been successful to exploit the tremendous potential that exists for mutual cooperation in trade, business and industrial joint ventures.

Talking about trade, he said "for the last six years, bilateral trade volume has improved by 267.8 per cent from \$147.6 million in 2001 to \$543 million in 2007. The business community of Pakistan is keenly waiting for the signing of the proposed Free Trade Agreement (FTA) which can even enhance our bilateral trade beyond \$1 billion provided serious efforts are made by the private sectors of both countries.

(Source: The News, December 04, 2007)

INDIA REJECTS MARKET ACCESS DRAFT AT WTO

India opposed a proposal by a group of industrialised countries led by the United States and the European Union at the World Trade Organization on addressing the issue of market access for industrial goods in the Doha trade negotiations.

The industrialised country coalition, comprising the United States, the European Union, Japan, Canada, Iceland, New Zealand, Norway and Switzerland, circulated a document calling on the Chair for Doha Industrial Market Access Negotiations Ambassador Don Stephenson for no change in the draft modalities issued in July this year.

The chair is holding meetings with key members to prepare a revised draft that will be issued in late January next year.

The developed countries said the chair's existing draft proposals captured all elements of the Doha mandate which require industrialised countries to take bigger commitments than developing countries in cutting industrial tariffs based on the principle of less-than-full reciprocity.

The chair had proposed that industrialised countries reduce their industrial tariffs by using a coefficient between eight and nine in the Swiss formula.

Stephenson insisted on a coefficient between 19 and 23 for developing countries to cut their industrial tariffs.

He also suggested certain exemptions for developing countries.

Under the Swiss formula, countries with high tariffs, especially in the developing world, will cut them by a bigger margin than the industrialised countries which have low tariffs. For example, India's average industrial trade tariffs that are bound at the World Trade Organization at little over 30 per cent will come down to a below 13 per cent as against the average bound industrial tariffs in industrialised countries coming down to below 3 per cent from the existing 6 per cent.

Several developing countries who are members of the NAMA 11, of which South Africa, India, Brazil, Argentina, Indonesia are key members, called for substantial changes in the draft parameters on the ground that they were fundamentally flawed and went against the mandate.

A non-group of developing countries like Costa Rica, Singapore, Chile, Pakistan, Colombia, Mexico, however, supported the proposals given their low industrial tariffs.

In the ensuing tug-of-war between different groups of countries in shaping the revised draft parameters, the Indian trade envoy, Ambassador Ujal

Singh Bhatia, described the proposal made by the advanced countries as "as a mere repetition of their position and does not contribute to convergence in any way."

India urged the chair to produce a text that reflects all the members' views so that it can be a good basis for horizontal negotiations that will focus on the tradeoffs in different areas of the Doha mandate."

Brazil's Chief trade negotiator Roberto Azevedo said there would be serious risks if there were no major changes in the draft revised parameters. Both Brazil and India, with other developing countries, also dismissed a proposal made by the US and the EU to eliminate tariffs on some 43 environmental products on the ground that the proposal was "biased" and "protectionist."

But a senior EU trade official told Business Standard that "their proposal clearly shows that even after applying the formula cuts the divide in the industrial tariffs between industrialized countries and developing countries will be further widened by three times," arguing that it is wrong to say that their proposal goes against the mandate.

(Source: December 06, 2007
www.business-standard.com)

INDIA IDENTIFIES 100 SERVICES FOR DUTY REIMBURSEMENT TO EXPORTERS

The Indian government has identified 100 services which will be given duty reimbursement on export under the 'Served from India Scheme' for exporters. Under the scheme, providers of more than 100 services would be entitled for DUTY CREDIT SCRIPT, an official release said.

Under WTO rules, member states are not allowed to provide subsidies or support to their exports or local production except where expressly allowed under an agreement. Duties paid on the import of raw materials are allowed to be refunded on the export of finished goods. There are very clear lines of demarcation as to what are and what are not permissi-

ble. Pakistani laws are compatible to WTO rules and any fresh demand from exporters for refund of taxes is rejected on the simple ground of being inadmissible.

It is interesting that India has found a way out for duty reimbursement to exporters for identified services. We recommend to the government to obtain complete information on the Indian initiative and see if these are WTO compatible and if so, the same may be considered for Pakistani exporters as without that the local exporters won't be able to compete internationally. After all, it is the duty of the government to ensure that their exporters are provided level play

field.

(Source: The World Trade Review, December 15-31)

NEWS & VIEWS

Italian Farmers Protest against Chinese Imports: Italian farmers recently assembled in Rome to protest against a growing influx of Chinese food imports such as tomato paste that are competing heavily with local produce. "We demand a policy of protection for food products made in Italy"; said an official of the national advisory board of Coldiretti.

The opening of markets worldwide has generated a fierce competition was expected. The countries with export surplus, competitive prices and better quality merchandise are capturing new markets where consumers welcome cheaper products irrespective of their origin. This has obviously threatened the local products, which enjoyed a larger market share under protectionist policies of the governments. But no longer, since new players pose a serious challenge to existing producers. Hitherto, the producers in developing countries felt the heat but now even Italian farmers are protesting, which shows the extent of threat.

The floodgates of trading have opened up and it cannot be stopped except in few selected cases under specific procedural arrangements. Instead of looking for escape routes, the situation demands meeting the challenges upfront. Demonstrations and protests can accelerate pressure against the home government but it may not serve the purpose as far as the protection of locally produced goods is concerned. The lessons are very clear for every stakeholder including Pakistani producers. Be competitive, and that is possible only through professional management, increased efficiency and modern techniques, meeting international standards and harmonizing with the winds of change. There are no short cuts to achieve these goals except concerted efforts.

FDI Alone Cannot Play Lead Role in Growth: Foreign direct investment alone cannot play a lead role in a country's growth; said Finance Advisor to the government of Bangladesh recently. FDI might in some cases accelerate growth but it rarely leads the growth, he said; though according to him, it does not mean that he was opposing FDI.

With the opening of markets and huge funds available for foreign direct investment, several countries particularly developing and least developed countries are under an illusion that foreign investment is going to solve all their riddles. While this perception may be true to an extent yet it is not the universal truth either. There are reports which suggest that in some cases foreign investment particularly in services sector proved to be expensive as the profits taken out of the countries exceed the total investment brought in.

While FDI has a role to play in economic activity, growth and transfer of technology, yet the observation of Bangladeshi Finance Advisor is not completely out of place. For a sustained economic growth, the government must also introduce confidence building measures for local entrepreneurs as without their active participation, tangible results may not be achieved.

Quarantine Norms Worry Canadian Pulse Suppliers: With a 50% share of the Indian market, Canada has emerged as the biggest supplier of pulses to India - the world's largest producer, importer and consumer of a wide variety of homegrown and imported pulses. However, Canadian suppliers are concerned about the possibility of some non-tariff barriers in the guise of quarantine rules hurting the trade prospect.

The WTO regime envisages a free flow of goods between member states devoid of any barriers but the individual states can impede the entry of any goods if these are found to be hazardous for human, animal or plant life. However, for creating a level playfield, a system of international standardization has also been prescribed to guarantee that if any product meets that standard, its entry into a member state cannot be stopped.

can also prescribe their own standards, which must not be more stringent than the international standards, and knowing Indian inclination for raising non-tariff barriers to free flow of goods from other countries, the Canadian apprehensions might not be completely misplaced. For the better part, only the practical application of Indian standards in the near future will determine the efficacy of the Canadian concerns.

In view of the emerging trends in international trade, Pakistan must also prescribe its national standards for pulses keeping in view the international standards and those of other countries and notify them for the benefit of our growers, importers and exporters. This is necessary for regulating the export of pulses and also to maintain the standards for imported products. All such regulations and standards should be properly notified not only for pulses but for all other products for the benefit of our traders. It is also important that the required infrastructure including technical laboratories with efficient testing equipment must also be established for prompt inspection and testing of the imported and ready-to-export items.

EU Presses China for Result Over Piracy: EU is watching very closely WTO consultations between Washington and Beijing over copyright piracy and is demanding results from the Chinese authorities, a European Commission spokesman said. He added that EU has joined the US case against China at the WTO as an observer, as being done by several other countries.

In a globalised environment, the piracy issue has assumed special significance especially for the developed world, which holds most of the copyrights and is the main financial beneficiary. The rich nations also frame the relevant rules on the protection of IPRs and are systematically pursuing the issue in support of their commercial entities. Eversince its emergence as the major exporter worldwide, China is facing accusations of IPR violations particularly by USA. In this effort, EU has also joined USA as it is equally concerned on the issue.



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Website: www.wtopunjab.gov.pk

How much is USA concerned about the issue can be gauged from the fact that IPR protection is central to all trade negotiations - multilateral or bilateral. In this scenario, it becomes imperative for smaller countries to pay due attention to IPRs if they intend to survive in international trading. Framing of appropriate legislation, establishment of courts, awareness amongst the stakeholders, capacity building of relevant officials, effective national IPR organization, IPR curricula in educational institutions, public-private run programs with popular acceptance are sine qua non for establishing a better image for a country.

The US government regularly issues an annual report citing barriers to international trade faced by its exporters. The report also discusses the position relating to IPR enforcement, violations by trading partners and classifies them in different categories depending on IPR compliance. Since its establishment, IPO-Pakistan has done a commendable job in framing and enforcing international legislations on IPR, yet a lot more is required to be done. IPR laws should not be selectively used to protect foreign patents but also be equally applicable to local patents for encouraging innovations and brand loyalty without which the dream of value added exports may not be realised.

Seafood May be Protected in WTO Deal:

State subsidies that encourage overfishing should be banned under any WTO free trade pact, environmental groups said. Conservationist groups and Oceanographers have urged couriers negotiating a new WTO deal to back a US proposal on ending incentives that have vastly expanded the size of world's fishing industry, pressuring

stocks worldwide and threatening extinction of several marine species.

The world is moving so fast with common interests that even the sovereignty of states is being challenged on various counts. The issue under reference is one of them. Until some-time back, the right of countries to fish in their territorial waters in whatever manner they liked was internationally recognized. But not any longer.

If the proposal gets the support and approval of WTO members, it would substantially reduce fish supply in international market with the result that a large demand will not be met and new players may get a chance to fill the vacuum. But that would not mean an automatic share to the exporters as the basic principles will be operative here too including exportable surplus, internationally recognized quality of products, SPS compatibility, delivery schedule, scientific packaging, health standards and competitive prices. Incidentally, Pakistan lags behind in these areas as is evident from the recent ban on the export of Pakistani fish to EU countries due to unhygienic conditions prevalent at Karachi fish harbor. In order to get benefit of fish potential after possible reduction in supplies, the relevant authorities in Pakistan must be extra vigilant and make sure that our existing exports are intact which is essential for our image as exporters of quality fish.

Russia Sticks to Polish Meat Ban:

Russia has sent the EU reply making no concessions towards ending a ban on meat imports from Poland, EU diplomats said. The trade dispute is holding up talks on a strategic partnership pact between Moscow and the EU covering cooperation on energy, trade, human rights and foreign policy.

Russia in its bid for accession to WTO needs support and help from EU countries including Poland. However, Poland is reluctant to oblige on account of Russian ban on the import of Polish meat citing non-compliance to SPS conditionalities. Poland has maintained that the Russian decision is politically motivated and a ploy to pressurize Poland against following policies independent of Russian influence.

Irrespective of the merits or demerits

of rival claims, the incident itself highlights the importance of producing quality goods compatible to international standards backed by scientific evidence. Any laxity on this account can provide an opportunity to powerful trading partners to use it for their political ends.

Developing countries like Pakistan will be well advised to mend their trade practices making them compatible to international norms. Unless they do it in quick time, they will remain a second fiddle in bilateral and multilateral trading and constantly at the mercy of major economic powers.

WTO Food Safety Database Handy Reference:

Finding out about the food safety requirements and alerts in other countries just got easier, with the WTO launching a searchable database of member governments' measures. The tools, which documents food, animal and plant safety measures worldwide, is a resource that can help managers meet new export criteria, or find out if there could be a problem with a particular ingredient sourced from a region.

WTO agreement on sanitary and phyto-sanitary measures authorizes member states to disallow entry of any item in case it does not meet the notified local standards or is scientifically established as injurious to plant, animal or human life. In order to obviate the possibility of misuse of this power, it has also been provided that no member state will adopt national standards more stringent than the international standards. This has been done to avoid creating technical barriers or denial of access on any such ground and also to ensure transparency and homogenization of standards.

In the absence of a reliable data about food safety regulations in the West, the developing countries have faced a recurring problem in their export. WTO has done a great service to developing and least developed countries by providing this information in one bound. Now it is for member states to ensure that all manufacturers and exporters produce goods meeting these minimum standards so that they are not denied access to the importing states. Government of Pakistan should take initiative to publicize such standards and educate the stakeholders with the support of trade organizations.

Source: The World Trade Review