-Pakistan-

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GENERAL FEATURES OF TRADE POLICY

Pakistan has made economic revival a main priority. Investor confidence is aimed to be restored through economic reform program with an emphasis on enhancing macroeconomic stability, through structural reforms to promote private sector and export-led industrial development. In addition to encouraging investments, key elements of the Pakistan's reform program are privatisation of state-owned enterprises, broadening the tax base and shifting from taxation of international trade to taxation of consumption. Moreover, Pakistan has committed itself to further liberalise its trade regime in compliance with the requirements set by the International Monetary Fund (IMF). However, the reforms have seriously been affected due to unforeseen changes in the international forum, especially by the so-called war against terrorism having direct impacts on the country.

Pakistan has attempted to diversify its industrial base and to increase the emphasis on export industries. Some progress has been achieved, but still the Pakistani economy is dominated by the cotton sector and related production of textiles and garments.

The EU is the biggest trading partner and second investor for Pakistan. Pakistan has been a beneficiary under the EU's GSP since 1971. As a SAARC member it enjoys the advantages of regional cumulation of the GSP rules of origin. In December 2001 the EU decided to grant Pakistan additional trade benefits under a comprehensive preferential trade package. The package includes the removal of tariffs for the products covered by the EU's GSP scheme and a Memorandum of Understanding containing mutual concessions for improved market access in the textiles and clothing sector. The purpose of the new GSP preferences is for its part help Pakistan in its exceptional situation following the incident of 11 September 2001. Through trade and the fostering of greater economic ties with the country the EU aims to contribute to alleviating in some measure Pakistan's difficulties.

Pakistan is a founding member of the WTO. It is also party to the South Asian Association of Regional Co-operation (SAARC), which is made up of 7 countries: India, Bangladesh, Sri Lanka, Bhutan, Nepal, Maldives and Pakistan. SAARC Preferencial Trading Agreement (SAPTA) has been envisaged primarily as the first step towards the transition to a free trade area. Pakistan is a signatory to the Economic Co-operation Organisation (ECO), which also includes Turkey, Iran, Afghanistan and the Asian republics of the former Soviet Union. Bilateral relations between the EU and Pakistan are governed by the 1986 Agreement for Commercial, Economic and Development cooperation. A new EC -Pakistan third generation Co-operation Agreement covering an extended range of areas was signed in November 2001. A "Joint Declaration on Intellectual, Industrial and Commercial Property" is annexed to the Agreement.

The following table is an overview of the tradeflow between the European Union and Pakistan

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	42,671,440	7,018,190
	1997	60,005,560	2,510,900
	1998	52,774,010	3,520,950
	1999	41,370,060	6,193,120
	2000	58,266,450	3,963,730
	2001	52,851,120	3,525,160
	2002	54,792,250	5,541,910
	2003	49,829,080	5,530,750
Vegetable products	1996	29,235,420	5,272,480
	1997	40,502,060	11,377,870
	1998	63,350,920	7,527,580
	1999	76,447,700	42,557,500
	2000	74,510,390	74,246,030
	2001	77,628,180	32,273,510
	2002	69,126,340	77,716,420
	2003	97,817,190	30,853,450
Animal or vegetable fats	1996	278,190	3,053,080
	1997	8,460	7,665,400
	1998	7,290	8,805,890
	1999	56,240	3,804,410
	2000	35,710	17,250,060
	2001	15,600	2,926,820
	2002	6,370	2,213,110
	2003	324,470	4,681,020
Prepared foodstuffs	1996	76,086,160	24,327,930
	1997	91,188,540	41,500,430
	1998	92,192,720	29,322,060
	1999	67,544,920	26,239,300
	2000	79,613,860	30,894,910
	2001	128,812,770	28,757,740
	2002	110,634,510	27,910,260
	2003	99,978,860	28,870,680
Mineral products	1996	4,408,990	27,237,930
	1997	558,650	10,480,630
	1998	1,349,750	6,247,220
	1999	1,190,230	8,403,670
	2000	1,492,640	8,766,100
	2001	2,080,000	20,862,000
	2002	4,245,990	20,509,110
	2003	2,364,690	10,242,210
Chemical products	1996	3,352,160	321,789,290
	1997	3,737,420	309,327,620
	1998	4,132,190	346,690,290
	1999	3,281,030	356,859,530
	2000	3,807,860	432,974,670
	2001	9,592,780	412,408,710
	2002	11,965,300	400,499,510
	2003	6,334,470	401,745,080
Plastics & rubber	1996	4,181,350	76,135,960
	1997	5,210,070	69,466,540
	1998	4,905,170	59,954,870
	1999	8,275,030	66,110,400
	2000	13,351,830	77,661,180
	2001	19,932,650	81,043,050
	2002	43,537,690	90,681,420
	2003	84,523,600	84,004,220
	1996	340,465,430	3,119,120
	1997	359,338,930	5,118,210
	1998	327,844,040	3,488,570
	1999	293,786,730	2,164,700

Hides & skins	2000	386,641,720	4,812,600
	2001	432,836,580	4,680,340
	2002	328,910,380	8,856,610
	2003	288,983,350	3,687,910
Wood & wood products	1996	601,170	2,097,260
	1997	571,270	2,457,610
	1998	863,140	2,240,790
	1999	606,350	2,789,830
	2000	769,830	3,951,090
	2001	735,690	2,976,040
	2002	646,520	3,966,810
	2003	555,700	5,352,940
Wood pulp products	1996	915,450	65,294,220
	1997	1,573,140	72,257,130
	1998	1,034,840	47,801,530
	1999	753,870	62,271,120
	2000	1,108,070	60,039,750
	2001	1,831,740	62,678,670
	2002	1,382,890	69,440,860
	2003	1,538,510	78,968,750
Textiles & textile articles	1996	1,301,027,200	42,381,230
	1997	1,422,651,280	32,032,400
	1998	1,460,619,110	31,996,330
	1999	1,443,854,840	32,688,750
	2000	1,683,463,730	32,071,340
	2001	1,779,878,170	34,842,900
	2002	1,932,124,170	51,579,860
	2003	2,011,776,500	55,127,330
Footwear, headgear	1996	25,816,730	1,535,380
	1997	27,439,950	1,065,120
	1998	22,200,910	1,072,380
	1999	22,781,600	1,082,190
	2000	25,799,030	1,791,650
	2001	26,547,520	1,934,850
	2002	33,164,820	1,242,890
	2003	34,730,690	1,372,400
Articles of stone, plaster, cement, asbestos	1996	1,120,040	20,944,920
	1997	1,630,730	18,971,040
	1998	2,042,330	15,295,990
	1999	3,475,730	19,147,430
	2000	6,142,850	25,798,210
	2001	6,090,450	20,638,500
	2002	6,455,850	21,641,440
	2003	7,873,110	22,482,850
Pearls, (semi-)precious stones, metals	1996	8,553,620	9,730,320
	1997	9,124,960	8,280,540
	1998	7,569,060	4,580,830
	1999	7,457,050	7,231,900
	2000	9,224,300	3,020,000
	2001	11,258,360	5,875,120
	2002	11,205,490	14,968,510
	2003	11,480,260	9,664,340
Base metals & articles thereof	1996	18,382,940	198,336,240
	1997	15,194,830	168,578,060
	1998	16,687,940	118,485,340
	1999	18,834,880	120,688,590
	2000	24,006,700	146,253,040
	2001	26,242,190	184,045,810
	2002	28,942,910	188,488,670
	2003	27,318,840	202,729,940
	1996	8,762,140	824,113,900

Machinery & mechanical applicances	1997	9,529,780	849,834,040
	1998	5,242,750	494,768,210
	1999	8,193,550	529,819,230
	2000	17,069,210	597,069,420
	2001	9,960,900	780,047,570
	2002	19,618,340	804,850,520
	2003	17,577,040	794,158,530
Transportation equipment	1996	1,071,380	114,254,620
	1997	5,246,190	78,458,910
	1998	1,822,900	65,829,400
	1999	1,470,370	41,788,290
	2000	2,859,910	40,643,890
	2001	5,211,030	39,749,240
	2002	1,885,660	49,347,750
	2003	6,792,560	75,978,760
Instruments - measuring, musical	1996	28,119,320	62,522,160
	1997	28,945,770	55,901,260
	1998	30,155,080	45,207,570
	1999	34,857,120	46,125,690
	2000	38,405,630	105,040,350
	2001	49,125,270	69,607,060
	2002	42,517,670	90,994,710
	2003	39,827,590	78,873,560
Arms & ammunition	1996	195,570	3,338,310
	1997	194,710	8,723,400
	1998	244,830	1,146,720
	1999	518,040	2,745,890
	2000	439,030	908,520
	2001	900,890	298,500
	2002	436,080	181,530
	2003	666,200	2,999,180
Miscellaneous	1996	91,269,440	8,786,860
	1997	99,678,500	6,700,410
	1998	118,312,790	4,468,960
	1999	84,659,080	6,283,180
	2000	108,566,500	6,487,310
	2001	101,272,630	7,473,800
	2002	127,455,340	10,079,800
	2003	120,644,200	9,600,300
Works of art	1996	783,800	13,720
	1997	960,180	164,390
	1998	871,040	43,990
	1999	291,840	259,430
	2000	433,010	116,340
	2001	371,770	698,730
	2002	247,620	24,330
	2003	238,340	190,140
Other	1996	5,713,710	11,370,840
	1997	2,910,880	7,582,610
	1998	7,731,020	8,657,110
	1999	5,043,350	6,804,580
	2000	6,142,750	6,080,030
	2001	7,180,460	7,661,520
	2002	6,738,130	9,315,670
	2003	10,264,560	11,460,410

Pharmaceuticals

Overview

- 990109- *Problems faced by the pharmaceutical industry* [2002-11-12]

1. Intellectual Property Barriers

For pharmaceuticals and agri-chemicals, patent protection in Pakistan does not yet cover the product and is, thus, for processes only. Under the Patents Ordinance 2000, which was promulgated in 2001 and is TRIPS compliant, the duration of patent protection has been set for 20 years, instead of former 16 years. Patent for the protection of pharmaceuticals and agricultural chemicals will be granted with effect from 1 January 2005. During the transition period a mailbox provision is being implemented by virtue of Section 1(3) of the Patents Ordinance. Such patent applicants are to have exclusive marketing rights provided that they have similar rights in the market of another WTO Member and marketing approval in Pakistan. However, in spite of the lapse of one year, the rules under the new Ordinance have not been formulated. Therefore it is not enforced. The Ministry of Health continue to register generic copies under the Drug Act 1976.

In addition to the lack of product patent protection for pharmaceuticals, there remain some specific problems related to implementation of legislation for example:

-The right of the patentee was not adequately protected in the law, with the result that the infringer continued to freely manufacture counterfeit products.
- Numerous pending cases in High Courts resulted in delay of justice. Due to delay in the court proceedings, the patentee could not immediately obtain injunction orders against the infringer.
- There was a threat of revocation of the patent through compulsory licensing. An application in the High Court could be filed claiming that the patented article in Pakistan is not being met to an adequate extent and on reasonable terms and thus force a compulsory licence to be issued.

2. Product Registration

The regulations to obtain a sales permit for a given pharmaceutical product require that the dossier of supporting data be accompanied by Certificates of Free Sale, confirming the approval for sale of the product in developed countries, such as the US, Europe and Japan. The industry has complained that the policy of the Pakistan Ministry of Health is discriminatory against multinational pharmaceutical companies if the Ministry insists that the multinational companies can only register products, which are on sale in the country of incorporation of the respective company. They have claimed that local companies can register products from any source.

Moreover, the general experience of many multinational pharmaceutical companies in Pakistan is that the time required for the registration process often is two years and sometimes longer. The industry emphasises that for the benefit of patents in Pakistan, and in view of increasing costs of pharmaceutical research and development and limited patent life of drugs, it is vital to keep the procedure of registration as brief as possible.

3. Drug Labelling Rules

By a Pakistan Government notification dated August 24, 1994, the generic name of the substance has to be printed with at least equal prominence as that of the brand name. This has been carried forward as policy by the Pakistan Government. The industry has been concerned about the addition of the generic name in equal prominence to the trademark. They have stated that this is intended to dilute existing differences in quality, efficacy and safety, and incorrectly implies total interchangeability and equality of two different products.

4. Price Adjustment

A draft drug policy has been proposed. According to the new draft policy it is intended to have only one list of drugs while previously there were two lists. Also, the new draft drug policy provides for authorisation to the Health Ministry to register all drugs being registered for the first time. Concerning retail prices of medicines, they would be fixed by the Ministry as well and adjusted annually on the basis of the cost of living. This has been welcomed by the industry. However, it remains to be seen if this draft policy will be approved by the new Government.

5. Foreign Sales

Piracy continues to inflict losses on the research-based pharmaceutical industry, estimated at $15 million to $20 million per year. It is incumbent upon the patent holder in Pakistan to prove that the pirate is using the same process as the inventor.

The Commission will closely monitor the implementation of patent legislation for pharmaceutical products in Pakistan, as well as other market access issues in the sector.

Services - Communications & Audiovisual last updated on

Telecommunications

The telecom legal framework consists solely of the Pakistan Telecommunication (Re-organization) Act, 1996. Following the issue of the framework legislation, the private sector has been increasingly involved in the expansion and development of telecommunication services, such as mobile telephony, paging, card-operated telephone, and Internet services.

The Pakistan Telecom Regulatory Authority (PTA) was established in 1996 (and received all regulatory tasks for all telecommunications services). Separately, a Pakistan Electronic Media Authority was established in 2000 to regulate content that is broadcast (i.e. not downloaded from a web site for instance). A Frequency Allocation Board was also established.

The telecom sector was divided in fixed and mobile. Mobile has been fully liberalised rather quickly: four mobile operators (one state owned) share the market and have progressed a lot since the introduction of Calling Party Pays principle. More licences "for 3G and CDMA" are forecast. Global Mobile Satellite Services are fully open to competition legally but operators have apparently not wished to enter the market. In the fixed market, exclusivity was terminated in January 2003, which is one year ahead of the WTO commitment made by Pakistan. Internet and data services have always been opened. Privatisation of the incumbent is under way.

The Government of Pakistan has recently announced a telecom deregulation policy. A draft policy for new regulation (addressing interconnection rules, measures against anti-competitive practices, universal service, pricing, licences templates, reviews etc.) was under public consultation in the beginning of 2003 and should be turned into a bill. The policy, besides liberalising the telecommunication infrastructure, aims at providing increased service choice to the consumers at competitive and affordable rates. It also aims to increase tele-density in all areas (such as voice, data and cellular etc.). Moreover, the deregulation policy remains consistent with the IT and Internet promotion policy of the low price for bandwidth to make Internet access affordable.

Under the Policy, fixed lines infrastructure are classified into two categories: Local Loop (LL) fixed lines operated so far by PTCL (Pakistan Telecommunication Company Ltd) and Long Distance and International (LDI) fixed lines. According to the policy, the LL licensing will be open to competition for a fee of US$ 10,000/. The LDI segment is open to competition for a fee of US$ 500,000/. The award of licenses will be preceded by an open, public hearing process. A company can hold both LL and LDI types of licenses. The Pakistan Telecom Authority (PTA) has been given the right to regulate tariffs in case of evidence of unfair and burdensome pricing to consumers. The licensing procedures have been drawn in detail and have been publicised in this policy. The policy is envisaged to attract private investors to hold their LL or LDI facilities thus simplify privatisation procedure of the state owned PTCL.

It is hoped that the grievances of private sector such as those against the time, procedures and costs of interconnection with the PTCL, further provision of interconnectivity nation-wide, information pertaining to existing interconnection agreements and lease agreements in respect of periodic or usage charges would be addressed by the application of the deregulation policy and increased presence of the private companies in the telecom sector in Pakistan. In addition, the Board of Investment, Government of Pakistan, has permitted 100% foreign ownership along with full repatriation of capital and profits to all IT and Telecommunication investors.

Audiovisual

The domestic audiovisual market has remained reserved for the state-owned Pakistan Television Corporation Limited (PTV) and the semi-private Shalimar Television Network (STN). The Government has in principle agreed to allow private channels to start

transmission. To this effect, a policy is being formulated by the newly established Pakistan Electronic Media Regulatory Authority (PEMRA). The Government has already allowed private TV Channels to operate on via cable. At present 4 local (private) are operational on the cable.

Since 1997 audiovisual services have been open to foreign direct investment with 100 % equity. A maximum amount equivalent to 60 % of the total equity or profit may be repatriated; and within two years, 40 % of the equity must be held by domestic investors.

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TARIFFS AND DUTIES

Pakistan has substantially reduced its tariffs since early 1990s. For the time being there are four tariff slabs, namely 5, 10, 20 and 30%. The Government has also committed to further reductions of the maximum import tariff and tariff slabs. Although the general lowering of tariffs is encouraging, a number of problems remain. For instance, tariffs on automotive products and alcohol are exempted from the maximum tariff and remain sky-high.

Under the Uruguay Round of Multilateral Trade Negotiations, Pakistan offered to bind the tariffs of 2128 items (700 pertaining to agriculture, 493 textiles and clothing and 935 industrial). These constitute about 33% of its tariff schedule. The binding on leather, textiles and certain transport equipment, for example, ranges between 30-50%. Primary products and agricultural products are bound at prohibitive levels (100 to 150%), while in the industrial sector bindings have been made at 65%. In compliance with the Memorandum of Understanding concluded in 2001 Pakistan will bind its tariffs on textiles and clothing to a maximum rate of 25 %, which in practise would mean increasing the number of tariff bindings and lowering earlier ones.

Pakistan has traditionally maintained a complex system of indirect taxes in the trade sector. In some instances different applicability of taxes and charges on domestic and foreign goods has distorted prices in domestic markets. The number of exemptions from the General Sales Tax (GST) regime has been significantly reduced.

Tariff Levels

990092- *Bound tariff violations* [2002-06-18]

Pakistan's tariffs and other duties, applicable from 1 July 1999, included a number of apparent violations of WTO rules. Apart from the basic rate Pakistan applied an advance income tax, regulatory duty (different percentages, on some HS codes only) and sales tax. All of these duties and taxes were levied on imported goods only, and as such were in violation with WTO rules.

For the time being, imports are subject to customs duty, sales taxes and withholding income tax. Regulatory duty is still applied for some products.

The introduction of the General Sales Tax (GST) applicable also to local products (15% in general) has removed the discriminatory effect of the sales tax, although small scale traders with an annual turnover of 5 million rupees have been exempted.

According to Pakistan, the purpose of the regulatory duty (RD) is to achieve certain customs duty rate which is not provided in the tariff. The rate of the RD is now generally 5 %. Regulatory duties are announced to lapse gradually.

In 2001 applied tariff rates on 91 eight-digit HS items, mainly textiles and clothing products, exceeded their binding levels. In line with the MoU signed with the EU, Pakistan notified in December 2001 to the WTO its new tariffs and tariff bindings on textile and clothing products. The implementation of the MoU eliminates the tariff binding violations for about 80 items. The new, notified rates are due to come into force on 1 July 2002. Moreover, Pakistan has announced that the remaining tariff violations will be addressed in the context of next year's budget (1 July 2002).

Automotive

Tariff Levels

010028-*High tariffs* [2003-01-17]

The imports of passenger cars are subject to high customs duties and associated taxes. The cars of a capacity exceeding 1800 cc attract the highest duty rate. High customs duties effectively prohibit trade and appear to be contrary to the country's target for revenue collection. Pakistan has not bound its tariff rates on automotive products under its Uruguay Round commitments.

The Government in the new Budget for the fiscal year July 2002-June 2003 has reduced import tariffs on automobiles as follows:

Classification	Previous Tariff	New Tariff
Cars up to 1000 cc	100 %	75 %
Cars up to 1500 cc	120 %	100 %
Cars up to 1800 cc	150 %	120 %
Cars over 1800 cc	250 %	200 %

This can be considered as a step in the right direction, but not as a sufficient one. The Commission will continue its bilateral contacts on the matter with the Pakistani authorities.

Textiles and Leather

Tariff Levels

990073- *Increased tariffs on acrylic fibres* [2002-04-19]

Pakistan increased tariffs on acrylic staple, tow and tops to 25 % on 1 July 1999. The increase reflected the setting up of a plant - Dewan Salman Fibro Ltd. The company succesfully applied to the national tariff Commission for rate increases for acrylic fibers in order to protect their uncompetitive production.

In accordance with the Memorandum of Understanding agreed between the EU and Pakistan in 2001, Pakistan has committed itself to reduce the tariffs on acrylic fibres to 15 % in 2002 and to bind these rates in the WTO by 1 July 2002.

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NON TARIFF BARRIERS

Pakistan has done away with most of its quantitative import restrictions. Imports of certain products are controlled through the so-called Negative List. It bans imports mostly on religious, environmental, security and health grounds. The Negative List covers among others pigs, pig meat, spirits and alcoholic beverages. Further, it includes goods banned in accordance with international agreements. Bilateral trade between India and Pakistan is governed by Pakistan's restricted list of importables. In addition, imports of goods from or originating in Israel are prohibited.

Products included in a restricted/conditional list are importable only on the fulfilment of certain conditions, for example, by the government or other specified users or against credit. Import of drugs and medicines is permitted subject to registration and certain shelf life requirements. Serious administrative difficulties are reported to exist to register new vaccines in the veterinary sector.

In order to ensure the availability in the home market the Government bans or restricts the exports of certain items. These include for example intoxicants, wood and timber, fissionable material, antiques, some chemicals and edible oil. The exports of a number of products are subject to certain conditions, such as registration and permission from the authorities.

Services - Communications & Audiovisual

GATS Specific Measures

980075- *Mobile phone licences* [2002-06-07]

The state-owned Pakistan Telecommunication Company Ltd (PTCL), in fact its wholly owned

subsidiary, PTML, has started mobile phone services competing directly with the three private cellular phone companies operating in the market. The private sector cellular phone operators were asked to accept unilateral re-issuance of exclusive licences by the (Government controlled) regulator, the Pakistan Telecommunication Authority (PTA). These licences were issued prior to the WTO Basic Telecommunications Agreement.

The industry has complained that private sector operators cannot build their own physical infrastructure while the State-owned PTCL can. Also doubts about the independency of the regulator has been raised.

Until 31 December 2002 the mobile phone operators are obliged to utilise the transmission network of the public operator. PTCL has signed interconnection agreements with the three private mobile phone operators. The Government has announced that after 1 January 2003 it will allow full access to the telecommunication networks. PTA will be in charge to supervise the interconnection agreements between different operators.

PTCL's exclusive monopoly in basic telephone services will expire in the end of December 2002.

PTCL was partially listed in 1994, when the government sold three percent of its stake to the domestic market. A further nine percent was sold on the international market. Thus, it is for the time being 88% state-owned. The Privatization Commission of Pakistan intends to divest up to 26% of PLCL's shareholding to a qualified strategic investor who would assume management control. Expression of Interest (EOI) has already been invited.

Services - Financial

GATS Specific Measures

020100-*Discrimination against foreign banks* [2003-01-08]

The European banks have complained about certain discriminatory practices, in particular:

• The letters of credit for the purchases of the Ministry of Defence and the compensation operations can be opened only by public sector banks.
• A directive by the Ministry of Finance requires the companies of the public sector to place their deposits within the public sector banks.
• The limit for a credit, which a bank can grant to a borrower ("single borrower limit"), is calculated on the basis of its local capital. This practice is disadvantageous for foreign banks, an integral part of whose capital is formed of capital held in the country of origin. Moreover, the calculation of the limit is made on the capital and the reserves for the local banks, but only on the local capital for the foreign banks.

Textiles and Leather

Quantitative Restrictions and Related Measures

970187- *Export restrictions of hides and skins* [2002-01-28]

Since the implementation of the 1993 Pakistani Trade Decree on export regulation, the export of raw hides and skins and bovine wet blue was prohibited, in violation of GATT Article XI. The Export Control Order of August 1996 explicitly foresaw that the Government prohibits the export of hides and skins of all sorts (except certain lambskin) and wet blue leather made from cow hides and cow calf hides. Exports of wet blue goat and sheep skins were subject to a 40 % export duty.

The issue was raised bilaterally with Pakistani authorities without any results, and the EU requested WTO consultations in November 1997. The consultations took place in December 1997. Pakistan decided in July 1998 to replace the export ban by an export duty of 20% on raw hides and skins, wet blue, tanned hides and skins.

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INVESTMENT RELATED BARRIERS

Pakistan has been actively pursuing foreign investment and has removed most of its restrictions. Certain sectors still require special permission from the Pakistani authorities, like arms and ammunition, high explosives, radio-active substances, alcoholic beverages, security printing, currency and mint.

Considering the openness of the investment regime, foreign investment activity in Pakistan has been

relatively modest. Possible reasons for this include inadequate infrastructure, lack of ideal foreign investment environment, perceptions of political instability, law and order difficulties, policy inconsistencies, and resistance to the new policies by some elements of the bureaucracy. Long standing complaints of investors range from concerns over corruption, high duty rates, smuggling and brand name protection to worries over constant changes in policies, as well as a lack of transparency.

Automotive

Trade Related Investment Measures

990040- *Local content requirements* [2003-02-05]

Pakistan has a local-content scheme for automotive manufacturing. The Government insists on local content, whatever the quality may be. The deletion policy (Indigenization/Deletion Programme) requires new entrants to start at 75% of the currently achieved local content level. The catch-up time to reach the total achieved industry level is two years. The enterprises which elect to opt for this programme are entitled to import prescribed raw materials, components and parts for the assembly and manufacture at concessionary rates of import tariff.

In November 2001 the WTO Council for Trade in Goods decided on the request of Pakistan to extend the transition period until 31 December 2003 for the elimination of the remaining trade-related investment measures (Indigenization/Deletion Programme). According to the decision Pakistan shall report by 31 December 2002 to the Council for Trade in Goods on the progress it makes in phasing out its remaining measures.

- Pakistan has yet to report to the WTO on its respective phase-out plans.

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IPR

Piracy in Pakistan has inflicted losses especially on the reseach-based pharmaceutical industry. Quite recently Pakistan has enacted legislation implementing TRIPS in the areas of copyright, industrial designs, integrated circuits, patents and trademarks.

Pakistan is a member of the following international conventions on intellectual property rights:

Agreement on Trade-Related Aspects of Intellectual Property Rights
Convention Establishing the World Intellectual Property Organization
Universal Copyright Convention
Paris Convention for the Protection of Industrial Property Rights
Berne Convention for the Protection of Literary and Artistic Works

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OTHERS

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