



WTO CELL  
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# THE WTO CELL NEWSLETTER

## SEMINAR ON SPORTS AND SURGICAL GOODS INDUSTRIES



(Left-Right) Mr. Rizwan Baig (DCO Sialkot), Mr. Inaamul Haque (Advisor WTO, P&D Department), Dr. Sarfraz Bashir (Senior Vice President, SCCI) and Mr. Raza Munir ( Vice President, SCCI)

There are over 3,000 small and medium sized sports goods industrial units functioning in and around Sialkot. The surgical goods sector contributes about 70% to the total exports of light engineering sector.

How does the WTO trading system affects these industries? What are the implications of various WTO Agreements on Sports and Surgical Goods Industries of Pakistan? To deliberate upon these issues, WTO Cell organized a seminar on "Impact/Implications of the WTO Regime on Sports

Goods and Surgical Instruments Industries of Pakistan". The seminar was held on Tuesday 09<sup>th</sup> January, 2007 from 10:00 a.m. to 03:30 p.m. in the auditorium of Sialkot Chamber of Commerce and Industry.

Chief Guest of the Seminar was Dr. Sarfraz Bashir, Acting President, Sialkot Chamber of Commerce and Industry. The seminar began with the introductory remarks by Mr. Inaamul Haque, Advisor on WTO, P&D Department. He also delivered a lecture on "Introduction to the WTO". A number of technical

presentations were made by different speakers.

Mr. Inaamul Haque, Advisor on WTO & Chairman Economic and Social Policy Planning Cell was the key note speaker. Mr. Muhammad Ijaz Hussain, Chief WTO Cell, Planning & Development Department delivered vote of thanks at the end of seminar. ■

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# SEMINAR JOINTLY ORGANIZED BY WTO CELL, BCCI AND ISLAMIA UNIVERSITY

WTO Cell, Planning & Development Department Govt. of Punjab, in collaboration with the Bahawalpur Chamber of Commerce and Industry and Islamia University Bahawalpur, arranged a seminar. The theme of seminar was "Challenges and Implications of the WTO Regime for Different Sectors of the Economy of Pakistan".

The Seminar was held on Thursday, 8th March, 2007 at Zanzibar Four Seasons Hotel Bahawalpur. A large number of participants from industry, law firms, academic institutions and the public sector attended the seminar.

The seminar commenced with the introductory remarks by Mr. Inaamul Haque Advisor on WTO, followed by



Participants of the Seminar on "Impact of the WTO Regime on Sports Goods and Surgical Instruments Industries of Pakistan" Organized by the WTO Cell, P&D Department in collaboration with Sialkot Chamber of Commerce and Industry.

inaugural address by Chaudhry Abdul Jabbar, President Bahawalpur Chamber of Commerce and Industry (BCCI). A number of technical presentations were made by different speakers.

Colonel Mahboob A Shah, Registrar Islamia University Bahawalpur, concluded proceedings with his thought provoking concluding remarks.

Mr. Muhammad Shafi Anjum, Vice President Bahawalpur Chamber of Commerce and Industry extended vote of thanks on behalf of the Chamber. Mr. M. Ijaz Hussain, Chief WTO Cell expressed thanks on behalf of WTO Cell Planning & Development Department.

A wide range of pertinent questions were asked by participants from the speakers 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. The participants remarked that this event has contributed to enhance their knowledge about the WTO and its impact on Pakistan. They found it to be of direct relevance for their business. ■

## AJK GOVT PAYS FOR CASE

The government of Azad Kashmir, or AJK, will bear the cost of a case in which the geographical indication of Kashmir's famed Pashmina (Cashmere) and Kani shawls and some other handicrafts in India's Geographical Indication Registry has been challenged.

The case had been filed in a court in Chennai by the Najmi Waziri Law Firm on behalf of Rawalpindi Chamber of Commerce and Industry (RCCI).

The AJKCCI had drawn up a Memorandum of Understanding with the RCCI to challenge the GI registration of Kashmiri Pashmina shawls in India to avoid a technical problem.

Pakistan is going to take the plea that Pashmina and Kani shawls are also woven in AJK and Gilgit-Baltistan and their registration as geographical indications of Indian-administered Kashmir is unfair and will harm our trade interests.

Geographical indications (GIs) under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) are indications which identify a good as originating in the territory of a member, or a region or locality in that territory, where a given quality, reputation, or other characteristic of the good is

essentially attributable to its geographic origin.

A registration of geographical indications gives to the registered proprietor and all authorised users, whose names have been entered in the register, the right to obtain relief in respect of infringement of the geographical indications. However, authorised users alone shall have the exclusive right to the use of the geographical indications in relation to the goods in respect of which the geographical indications are registered. ■

# US AGREES TO IMPORT PAK MANGO

United States Department of Agriculture (USDA) has agreed to allow import of mangoes from Pakistan after proper irradiation to eliminate quarantine pests.

Mango export to the United States is not likely to start in the next 18 months because of delay on the part of America.

"The US administration will take at least 18 months to make necessary arrangements for amending the laws and inspect irradiation facilities in Pakistan," an official in the Ministry of Food, Agriculture and Livestock (MINFAL) said.

However, Federal Minister for Food, Agriculture and Livestock, Sikandar Hayat Khan Bosan and senior officials of the ministry have claimed that mango export to the US will start this season. To comply with the US sanitary and phyto-sanitary laws, the mango exporters were not prepared enough as irradiation plant had not been imported yet, said the official asking anonymity.

## MFN STATUS TO INDIA

*Pakistan has ruled out extending the Most Favoured Nation (MFN) status to India, saying it should instead create "a level-playing field by removing non-tariff barriers."*

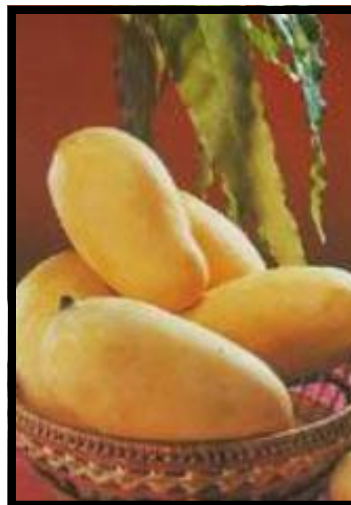
*Without directly commenting on External Affairs Minister Pranab Mukherjee's remarks during his visit here that Pakistan should implement SAFTA in total to encourage free trade in the region, Prime Minister Shaukat Aziz said, "Pakistan was in favour of level-playing field by removing non-tariff barriers".*

*"Extending MFN is not the only solution to promote trade but there should be level-playing field", he was quoted as saying by the state run APP news agency. ■*

*(Source: The World Trade Review, 1-15 February 2007)*

The Ministry of Commerce is giving subsidy on the export of mango to Europe while China has banned Pakistani mango because of violation of quarantine laws. Though the US is willing to open its markets for Pakistani man-

goes, the exporters have to comply with the requirements of the US Department of Agriculture (USDA).



Pakistan's exports of fruits stood at \$117 million and vegetables at \$25 million, totalling \$142 million during 2005-06. Most of the

exports destinations were European and Gulf states. However Pakistan wants to explore new markets like Eastern Europe, China, Canada, Africa and Australia.

Pakistan is also focusing on implementing Good Agriculture Practices (GAP) at the farm level, develop HACCP-certified industry, organic certified farms and world-class infrastructure by establishing cold storages, reefers, CFCs and agro-zones to take a slice of these markets. ■

*(Source: The World Trade Review 1-15 April 2007)*

## PAKISTAN PLANS TO TAKE EU TO WTO

Pakistan has decided to file a case with the WTO Dispute Settlement Committee in Geneva against EU's Generalised System of Preferences (GSP) Plus scheme and the bloc's investigation into the dumping of bedlinen.

"Cases are ready in Geneva right now and the government of Pakistan is going to move ahead," Federal Minister for Commerce Humayun Akhtar said while talking to the mediemen. He said that countries situated in the same region with similar conditions are being treated differently in GSP plus criteria of the EU. Pakistan was removed from the GSP plus scheme as the EU places it in the most competitive countries cate-

gory and the EU states charge 12 per cent regular duty on Pakistani bedlinen, besides 7.6 per cent anti-dumping duty. It may be noted that the European Commission had



imposed 13.1 per cent anti-dumping duty in January 2004. However, last year the EU reduced anti-dumping duty to 7.6 per cent from 13.1.

The EU is the largest export market for Pakistani bedlinen and additional duty

on the pretext of dumping makes Pakistani products costlier in the EU markets as compared to other regional countries, which ultimately dent the country's exports. ■

*(Source: Dawn, 2nd February,*

*Iraq's potential membership of the WTO will not affect agreements already in place with GCC countries, according to an Iraqi trade official quoted by Gulf News. Iraq is due to start negotiations next month in a bid to join the 151-member trade group. Meanwhile, the country is hoping a recently approved investment law will attract much-needed private sector investment.*

*(Source: <http://www.ameinfo.com/107464.html>)*

# NEW TRADE MISSIONS ABROAD

The government is considering opening six new trade missions abroad, a senior government official at the Ministry of Commerce told. The opening of trade missions would help explore maximum markets for Pakistani products

Pakistan right now has 46 trade missions in various countries, which are working for the enhancement of exports. The 46 trade missions are not enough if compared to the number of trade missions of other countries across the world.

The officials said the government is vigorously working to open additional trade missions in Canada, Russia, Argentina, New Zealand, Japan and Abu Dhabi.

The official said Pakistan has already signed the Framework Agreement with Mercosur -- a customs union comprising Argentina, Brazil, Paraguay, Venezuela and Uruguay. With the establishment of the trade mission at Buenos Aires, Pakistan would explore the combined market of 210 million people of Mercosur countries, he

added.

Pakistan's export diversification drive requires region specific strategies. There is a need to evolve a strategy comprising pragmatic and doable actions.

Canada is also a big country where Pakistan has already have a trade mission, but the second trade mission would further help explore more markets for Pakistani products.

Pakistan will soon sign Free Trade Agreement with the member countries of the Gulf Cooperation Council (GCC). The opening of new trade mission at Abu Dhabi would help Pakistan penetrate the markets of the member countries of GCC.

The GCC was established following agreement concluded on May 25, 1981 in Riyadh, Saudi Arabia among Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

The FTA between Pakistan and the GCC is to be comprehensive in nature covering the overall economic relations between the con-

tracting states.

Pakistan's trade volume with Japan is not up to the mark as at present it is hovering at \$2 billion, out of which the import from Japan stands at \$1.8 billion and export from Pakistan is hardly at \$140 million.

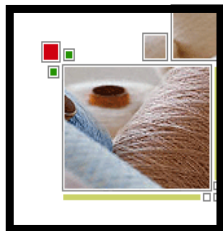
Opening of second trade mission in Japan would prove beneficial for Pakistan. Islamabad wants to strike Free Trade Agreement (FTA) with Japan. The opening of trade mission at Osaka city will help increase Pakistan's exports to Japan.

Pakistan has decided to touch the markets of New Zealand and opening of trade mission would play pivotal role to this effect," the official said. The Russia is very important country in the world. Pakistan has not only endorsed the inclusion of Russia into the WTO, but also decided to initiate trade talks. Therefore, the official said, the government has decided to reopen the trade mission in Moscow. ■

(Source: The News, 09th February, 2007)



# RELIEVING TEXTILE SECTOR



Textile exports of the country was US \$8 billion before abolition of quotas.

After elimination, the figure reached \$10 billion, representing an increase of 21 percent. There has been, since then, a slow down in exports. This has happened despite the fact that textile industry invested about \$6

billion since the start of the century for modernization and Up-gradation.

The free import and export of basic raw material of cotton industry was allowed. Duties were also reduced from four to six percent to one percent.

While, competitors like China, Bangladesh and India have utilized this quota-free regime to their benefit and captured most of the market, Pakistan has failed to do so.

With slow growth of textile industry, global textile experts are surprised as country was perceived to be most competitive country by the US Trade Department and WTO after elimination of textile quota regime on January 1, 2005.

Textile industry is trying to persuade the government to provide a relief package ■

(Source: Dawn, 2nd February, 2007)

## WTO MEETINGS

### MARCH

- 1 MARCH** Committee on Sanitary and Phytosanitary Measures
- 1 - 2 MARCH** Committee on Trade and Environment - Special Session
- 2 MARCH** IPC Roundtable/SPS
- 5 MARCH** Trade Policy Review Body - Australia
- 7 MARCH** Trade Policy Review Body - Australia
- 12 MARCH** Working Group on Trade and Transfer of Technology
- 20 MARCH** Dispute Settlement Body
- 21 MARCH** Trade Policy Review Body - Canada
- 21 - 22 MARCH** Committee on Technical Barriers to Trade
- 23 MARCH** Trade Policy Review Body - Canada
- 26 MARCH** Committee on Market Access
- 28 - 29 MARCH** ITA Symposium Tentative Programme
- 28 MARCH** Committee on Agriculture
- 29 MARCH** Committee of Participants on the Expansion of Trade in Information Technology Products
- 30 MARCH** Committee on Import Licensing

### APRIL

- 2 APRIL** Working Group on Trade and Transfer of Technology
- 6 APRIL** GOOD FRIDAY (WTO non-working day)
- 9 APRIL** EASTER MONDAY (WTO non-working day)
- 16 APRIL** Trade Policy Review Body - Costa Rica
- 18 APRIL** Trade Policy Review Body - Costa Rica
- 24 APRIL** Dispute Settlement Body
- 25 APRIL** Committee on Budget, Finance and Administration
- 30 APRIL** Trade Policy Review Body - Macao, China

# IRAN DOUBLES DUTY ON RICE

Pakistani rice exporters may lose a big market share in Iran as the government of Iran has doubled import duty on Pakistani rice.

Iran has also stopped entry of containers loaded with Pakistani potato into its borders without mentioning any reason at Zahedan Customs, sources of the Quetta Chamber of Commerce and Industry said.

Contrary to this, the Iranian government has released containers loaded with 20,000 tonnes of rice that were blocked by its customs at the border city of Zahedan. Release orders by the Iranian authorities for blocked rice containers brought a sigh of relief for Pakistani exporters but its decision on enhancing import duty from 260 toman (Iranian currency) to 510 toman per kg has caused worries for the rice exporters.

Moreover, the Chairman Rice Exporters Association of Pakistan (REAP), Aziz Maniya is likely to meet Iranian Consul General in Karachi on coming in a bid to apprise him of Pakistani rice exporters' problems in the wake of duty increase by Iranian government.

Sources said that the REAP chairman might request the Iran CG to persuade his government to review the decision for better trade interest of both countries. Sources of Chamber of Commerce and Industry of Quetta informed that Iranian authorities also stop the movement of potato from Pakistan to Iran without mentioning any reason. The transportation of Iranian goods was being carried out without any check at Pakistani customs at Quetta borders.

Last year Pakistan exported around 0.2 million

tonnes of Basmati rice to Iran and the rice traders were expecting quantum jump in exports of rice and other agri-based products to Iran. In addition, President Anjuaman Falahi Sabzi Mundi Haji Shahjehan said that around 1000 tonnes of potato were being exported to Iran via Mund and Turbat daily from Pakistan. This year Pakistan has harvested a bumper potato crop as compared to the potato crop that was badly damaged by frost in Punjab last year.

Statistics showed that Pakistani exporters shipped very nominal quantity of potato to Iran due to low production, however, potato was exported to Malaysia and Colombo in sufficient quantity. This year vegetable exporters are expecting to get good market share in Malaysia and Colombo. ■

(Source: The World Trade Review, 1-15 February 2007)

# ISLAMABAD PLANS TO MOVE OVER IPR OF BASMATI RICE



appears to be brewing with Islamabad planning to move the WTO against New Delhi over the intellectual property rights of basmati rice.

A legal case would be filed in the World Trade Organisation (WTO) under the Geographical Indication Law of the Trade Related Intellectual Property Rights, a media report said here quoting a senior official of the Agriculture Ministry.

Significantly, the report appeared on the day External Affairs Minister Pranab Muk-

herjee came here to discuss resolution of various issues such as Jammu and Kashmir, terrorism and Siachen.

"We have held many futile discussions with India over the past many months. Now we have no other option but to fight our case at the WTO to secure the Geographical Indication for basmati," the unidentified official was quoted by the 'Dawn' newspaper as saying. A formal decision was yet to be taken in this regard, he said.

Talks between Pakistan and India to agree to the joint registration of bas-

mati rice in the European Union markets have failed to deliver, mainly due to strong opposition from the stakeholders and India's unilateral move of registering the super basmati in the global market under its own GI, it said.

An official said the talks for joint registration had failed because the Pakistani basmati growers and exporters had rejected the idea of joint registration with India unanimously and had warned of dire consequences for the Pakistani exporters. ■

## MILD STEEL IMPORT FROM INDIA

The government allowed import of mild steel and galvanised iron sheets from India for exclusive use in the reconstruction in the quake-affected areas of Azad Kashmir and the NWFP.

The decision was announced through a notification issued here by the commerce ministry. The government had earlier allowed import of only corrugated galvanised iron sheets SWG 26/24 till Sept 30.

The decision on import of the products from India would come into force from Jan 18, and remain operative till March 31.

Under the new notification, government allowed import of new products from India.

According to the notification, the import of mild steel (MS) reinforcement bars grade 40/60, mild steel angle iron sections graded 40/60 and corrugated galvanised iron sheets SWG falling under their respective headings from India would be allowed via land route as well, for exclusive use in the reconstruction of earthquake affected areas on the recommendations of the ERRA. ■

(Source: The World Trade Review 1-15 February 2007)

## S.AFRICA LIFTS BEDLINEN DUTY

South Africa has withdrawn countervailing duty of 6.14 per cent imposed five years ago on bedlinen imports from Pakistan. As the South Africa's textile industry did not apply for a review of the duty imposed on December 27, 2001, it was decided in principle to withdraw the same from December 28, 2006, says a message received from Trade Commission of Pakistan in Johannesburg.

The International Trade Administration Commission (ITAC) of South Africa informed the Pakistani authorities that the local industry, the Southern African Customs Union (SACU) and Textile Federation of South Africa (TFSA), did not file a review petition for the continuation of countervailing duty on bedlinen imports from Pakistan.

The decision to withdraw duty had been ratified by the minister of trade and industry of South Africa and a final notice will soon be published in the gazette by the South African Revenue Service (SARS). ■

(Source: The World Trade Review, 1-15 February 2007)

## DSU WORKSHOP IN ISLAMABAD

A two day capacity building workshop was arranged for lawyers on Dispute Settlement Understanding, by TIHP-UNDP in Islamabad on 6 and 7<sup>th</sup> February 2007.

Mr. Nasim Qureshi, Additional Secretary, Ministry of Commerce and National Project Director TIHP-UNDP welcomed and briefed the participants about the purpose and objective of the workshop. Introduction of the Project was given by Mr. Zubair Faisal Abbasi, National Project Manager.

There were three sessions on each day and every session was followed by a discussion. On the first day three presentations were made and each presentation was followed by a discussion. Mr. Mujeeb Khan from TDAP-MoC gave his presentation on

"Demystifying Dispute Settlement Understanding" while Mr. Nasim Qureshi was a discussant. In the second and third sessions Mr. Mazhar Bangash from National Traiff Commission and Mr. Irfan Aslam from MoC gave their presentations on "Trade Remedy Laws: WTO Agreements on Anti-Dumping, Safeguard and Countervailing Duties" and "The Adequacy of Dispute Settlement Remedies" respectively. These two presentations were followed by a discussion headed by Dr. Mohammad Saeed (Pakistan Mission to the WTO) and Ms. Hannah Irfan.

On the second day the presentations were made by Dr. Muhammad Saeed on "WTO Jurisprudence:

Examining the MFN Principle" and by Ms. Hannah Irfan on "Developing Countries (Including Pakistan's) experience with the DSB (Case study of cotton and sugar cases)". The discussion after these two presentations were chaired by Ms. Hannah Irfan and Mr. Inaamul Haque respectively. The last session was a panel discussion. The panel consisted of Mr. Mujeeb Khan, Dr. Muhammad Saeed, Ms. Ayesha Mkhadoom and Mr. Ahmed Irfan Aslam while Inaamul Haque acted as a moderator.

The participants raised many questions which were adequately replied by the speakers. ■

## DUMPING DUTY IMPOSED ON PSF

The National Tariff Commission (NTC) on Friday imposed provisional anti-dumping duties on import of polyester staple fibre (PSF) not exceeding two denier into Pakistan originating in or exported from Indonesia, Korea, and Thailand.

The NTC initiated the investigation on Aug 9, 2006, on dumping of PSF in response to an application filed by Dewan Salman Fibres Limited, Islamabad; Ibrahim Fibres Limited, Lahore; and ICI Pakistan Limited, Lahore on behalf of domestic industry manufacturing PSF under the Pakistan Anti-Dumping Duties Ordinance, 2000.

The NTC imposed provisional anti-dumping duties (equal to the amount of provisional dumping margin established) on dumped imports of PSF for a period of four months with effect from Feb 9.

The PSF is used in woven and knit applications to produce textile and apparel products.

Under the ordinance, the NTC would make the final determination not later than six months from the date of publication of notice of preliminary determination. If the final determination is affirmative (domestic price of like product in the exporting country is higher than its export price and injury to the domestic industry is also found to exist and a causal link between dumping and injury is affirmed), then the ordinance stipulates that the NTC should impose final anti-dumping duty on the dumped imports equivalent to the dumping margin, for a period of up to five years. The duties were imposed on specific exporters from these countries "3.36 per

cent on P.T Polysindo Eka Perkasa and all other exporters of Indonesia. However, exporter of PSF P.T Indorama Synthetics Tbk, Indonesia, has been exempted from the levy as its dumping margin was found to be de-minimus (less than two per cent of export price).

This is the 24th investigation conducted under the Pakistan's Antidumping Duties Ordinance, 2000, where the NTC has imposed provisional anti-dumping duty. The previous cases involved exporters of various products from South Africa, Indonesia, France, Taiwan, South Korea, Iran, Uzbekistan, Thailand, India, Germany, Finland and China. ■

(Source: Dawn, 10th February, 2007)

# US TAKES CHINA TO WTO OVER ILLEGAL SUBSIDIES

The US government signaled a sharp escalation in its trade frictions with China by filing a WTO action against the fast-growing Asian economy over "illegal" industrial subsidies.

US Trade Representative Susan Schwab said "Our decision to bring this case to the WTO comes after our efforts at dialogue failed. The case is important because we are seeking to level the playing field to allow US manufacturers to compete fairly with Chinese firms". The decision heralds a shift in US policy away from quiet negotiations with China on a host of trade frictions including Beijing's currency regime, at a time when the Democratic-led Congress is ratcheting up angry rhetoric on trade.

The USTR office said it was seeking formal dis-

pute settlement from the WTO to remedy tax and other tools allegedly used by China "to encourage exports and to discriminate against imports of a variety of American manufactured goods."

State subsidies for steel, paper, information technology and other industries allow China to export its goods cheaper and so prevent US companies from competing fairly, both at home and in third markets, it said.

The case is the third time that the United States is taking China to the Geneva-based arbiter of global trade since the Asian powerhouse joined the World Trade Organization in 2001.

The first case, involving China's tax treatment of computer chips, was resolved before it reached the formal WTO dispute stage. But the second, a

case against Chinese auto tariffs, is now awaiting arbitration with the United States joined by Canada and the European Union in its suit against China. In October, US industry filed a petition with the Commerce Department requesting a "countervailing duty" be slapped on some Chinese paper imports. To apply such a duty, the commerce department says it must first rule that China is officially a "market economy." Earlier the US senators told the commerce department to go ahead with special duties on imports from China, which they claimed were heavily subsidised by the state and were hurting US manufacturers and workers. ■

(Source: Dawn, 3rd February, 2007)

## DUTY FREE ACCESS FOR FRUIT



Pakistan will seek duty free market access for export of fruits to Thailand under the proposed Free Trade Agreement (FTA) between the two countries.

The two countries had already established study groups for identifying ar-

reas for increasing trade and other cooperation under the proposed FTA between the two countries.

The official said that both sides have agreed principally on duty free access for some fruits

on either side, as a first step to a FTA between the two countries. Currently, customs duty applicable on export of fruits was in the range of 50 per cent on both sides.

According to the official, Bangkok will withdraw im-

port duty on mango, pomegranate, kinoo and long grapes from Pakistan.

Similarly, Pakistan will lift duty on the import of rambutan, mangosteen, longan and guava. Pakistan exports yarn and fabrics, chemicals, finished oils and edible meat to Thailand. It imports automobiles, auto parts and accessories, chemical products, polymers, yarn and man-made filaments, rubber and rubber products. ■

(Source: Dawn, February 04, 2007)

### WTO ELECTS MALAYSIAN ENVOY AS HEAD OF GC

The World Trade Organisation on Wednesday elected Malaysia's ambassador, Muhammad Noor, as head of its General Council.

Noor, previously head of the 150-member WTO's Disputes Settlements Body, will have the task of overseeing the reprise of negotiations aimed at finally concluding the Doha trade round during his one year term. He replaces Norway's ambassador, Eirik Glenne.

The WTO has been mired in an impasse since last July when talks broke down notably due to the inability of the United States and European Union to reach an agreement over agricultural subsidies and tariffs. Developing countries are demanding lower tariffs on their agricultural exports to US and European markets while industrialised nations seek greater access to developing and emerging countries for their industrial goods and services.

(Source: Dawn, February 08,

## NEWS IN BRIEF

- The WTO Cell is organizing a one day workshop in collaboration with Kinnaird College for Women in the auditorium of Kinnaird College to familiarize the students and faculty about the WTO agreements and its impact on industry and agriculture of Pakistan. Workshop will be held on April 16, 2007.
- Keeping in view the industrial importance of Faisalabad a seminar is arranged in collaboration with Faisalabad Chamber of Commerce and Industry on April 04, 2007 in Faisalabad.
- A seminar would be arranged by the WTO Cell, P&D Department, in collaboration with Gujrat Chamber of Commerce and Industry, on May 09, 2007 to deliberate upon the WTO Regime - Threats and Opportunities for Pakistan's Trade Environment.

## FARM SUBSIDIES

*United States needs to make a new offer on agriculture trade if France is to give its blessing to any EU country, concessions as part of the stalled Doha round of WTO trade talks, a top EU diplomat said .*

*"France is the most sceptical" of the EU's 27 member states and "would need a minimum signal" from Washington if it were to accept new proposals from Brussels on the bloc's own agricultural policy, the diplomat said on condition of anonymity.*

*In an "optimistic scenario", the diplomat said there was a possibility of reaching the outline of a deal on agriculture, industrial products and services by the end of the year, followed by a ministerial meeting of the World Trade Organisation in the early part of 2008.*

*(Source: Dawn, February 07, 2007)*

# WTO CHIEF URGES RAPID RESUMPTION OF TALKS

While talking to an informal meeting during Davos economic forum the World Trade Organisation chief Pascal Lamy called for a quick and full resumption of multilateral talks aimed at reaching agreement on the stalled Doha Round. But Lamy did not favour setting explicit deadlines, saying his preferred formula was: "the sooner the better, but making sure we get the substance right." All parties at the meeting supported the call .

The Doha Round, launched in the Qatari capital in November 2001, is currently mired in an impasse as Western and developing countries remain split on issues such as agriculture subsidies and market access.

Developing countries are demanding lower tariffs on

their agricultural exports to US and European markets while industrialised nations seek greater access to developing and emerging countries for their industrial goods and services.

Developing countries in particular are keen to quickly move to multilateral trade talks in the interests of transparency and inclusiveness, the sources said.

These countries fear that bilateral talks between key players such as the US and EU could lead to a 'fait accompli' where their views are not taken into consideration, the sources added. Lamy said that political conditions are "more favourable for the conclusion of the (Doha) round than they have been for a long time," particularly in the



Pascal Lamy

wake of last week's World Economic Forum in Davos. Lamy stressed that progress needed to be made across the board, not just in agriculture and non-agricultural market access (NAMA) but also the crucial services sector. ■

*(Source: Dawn, 2nd February, 2007)*

## G7 PREPARED RIFTS OVER YEN

World finance leaders wrapped up a two-day meeting papering over rifts that had opened up over the weakening yen and giving a generally favourable assessment of the outlook for the global economy.

After two days of talks in the historic Villa Huegel mansion, Group of Seven (G7) finance ministers and central bankers struck what appeared to be a somewhat uneasy compromise on the yen, agreeing not to single out the weak Japanese currency in their final statement as a threat to global growth.

Instead, they pointed the finger at China, insisting that greater flexibility of the yuan was needed to re-balance the Chinese economy and put the global

economy as a whole on a more stable footing. The world's seven richest nations -- Britain, Canada, France, Germany, Italy, Japan and the United States -- also made slightly more headway on the question of hedge funds, another key issue that had previously divided the bloc.

On the subject of world trade, the finance chiefs "enthusiastically agreed" that the stalled Doha round trade talks should be restarted as way of enhancing global growth and contributing to poverty reduction.

But the G7 group failed to reach any clear conclusions on questions of energy and global warming.

Among the wide range of topics that were discussed, exchange rates had been

the hottest, particularly the weakness of the yen, which Europe had seen as a threat to eurozone exports and therefore to its nascent economic recovery.

But both the US and Japan had so far insisted that the matter was not a problem.

In the end, the final communiqué largely echoed the generally worded statement issued at the last G7 summit in Singapore in September. For the club of the world's richest nations, it was the Chinese yuan that was once again the whipping boy, with China pressed to do more to make its currency regime more flexible. ■

*(Source: Dawn, 11th February, 2007)*

# DEVELOPING COUNTRIES FIGHT ANOTHER FORMULA



Several developing countries have sharply criticised fresh attempts by the European Union and the United States to pry open their industrial markets through a controversial Swiss formula.

The formula aims to bring down high tariffs in developing countries by a wide margin -- in return for relatively limited commitments by Brussels and Washington to address age-old distortions in global farm trade, trade diplomats said.

As trade ministers of the United States, the European Union, India and Brazil hold bilateral meetings in London and Geneva this weekend as part of heightened efforts to arrive at a breakthrough in negotiations on a world trade agreement, developing countries are angry that rich countries are turning the Doha Development Agenda trade negotiations upside down.

Developing countries are being compelled to agree to what is called a coefficient of 15 under a Swiss formula, which would effectively bring all import tariffs on industrial products to below 15 per cent.

On the other hand, the rich countries which took almost 60 years to bring their industrial tariffs down to about 6 percent said they will accept a coefficient of 10 under the Swiss formula that would allow them to retain their industrial tariffs almost unchanged.

"The concept of Swiss 10 for industrialised countries and 15 for developing countries hides the reality that in actual percentage terms the developed countries have to make a cut of 23-25 percent in their industrial tariffs while developing countries will have to cut their industrial tariffs by 60-70 percent," Faizel Ismail, South African trade representative to the World Trade Organisation told IPS Thursday.

"This is totally unfair, imbalanced, and disproportionate to the level of commitments that members will have to undertake in a development round of trade negotiations," he argued.

More disturbingly, "this does not reveal the enormous imbalance in the efforts that have to be made by developed and developing countries, as the degree of adjustment involves loss of jobs and employment in developing countries," he said.

European Union trade commissioner Peter Mandelson has indicated to his counterparts from India and Brazil that Brussels will not accept anything other than coefficient 10 for industrialised countries and 15 for developing countries on the ground that it is making a huge effort to reduce its farm subsidies and tariffs.

The United States has already said that the figures for the coefficients should be fixed at 10 and 15.

The EU and the United States have repeatedly argued that developing countries can remove barriers for trade in industrial products between themselves. Many developing countries see this as an attempt to ignore developmental issues in the current Doha Round of trade negotiations. The South African trade envoy said a coalition among developing countries on non-agricultural market access, NAMA 11, is ready to accept a balanced agreement but not an "unfair" deal in which they pay a "disproportionately" high price for cutting down industrial tariffs while the industrialised countries do significantly less in agriculture.

South Africa is the coordinator of NAMA 11 coalition at the WTO. The coalition includes Brazil, Argentina, India, Namibia, Cuba and Venezuela.

The EU and the United States are yet to indicate how far they are willing to cut agricultural subsidies; this remains the most contentious area in Doha trade negotiations. Besides, the EU and other industrialised countries such as Japan, Norway, and Switzerland maintain complex trade barriers to protect their farm markets from import competition.

In the Doha Round, which was launched in 2001 in the Qatar capital Doha, the industrialised countries were expected to significantly reduce

their farm subsidies and import tariffs. They were also expected to provide enhanced market access to industrial products from developing countries.

More importantly, WTO members agreed in July 2004 that developing countries will cut their industrial tariffs less than the industrialised countries on the basis of less than full reciprocity principle. The EU and the United States want to ensure that developing countries agree first to liberalisation of trade in industrial goods and services before they indicate what they are prepared to do in agriculture.

But many developing countries are not in a position to make such far-reaching commitments, said Sam Laird, an advisor on industrial trade to the United Nations Conference on Trade and Development. "It is nonsense to ask the developing countries to pay while industrialised countries can sit pretty without any pain," he told IPS.

Laird said industrialised countries have relatively low tariffs of around 6 percent on average for industrial products, compared to about 30 percent in many developing countries. But he said there needs to be a balanced agreement that gives time and space for developing countries to reduce their industrial tariffs in line with the developmental dimension of the Doha mandate.

Pakistan's ambassador Dr Manzoor Ahmad suggested that given the disagreement among industrialised countries and the developing countries on what each is required to do on the basis of less than full reciprocity, a balanced deal would have to settle around a coefficient of 5 for industrialised countries and 25 for developing countries. ■

(Source: <http://.ipsnews.net/news.asp?idnews=36807>)

# CAIRNS GROUP MEETS IN APRIL TO DISCUSS DOHA ROUND

The Cairns Group - a consortium of agricultural-exporting nations, will meet in Lahore from April 16 to 18 to find avenues for enhancing agriculture exports and review the progress on the status of Doha Round of WTO trade talks.

In a three-day meeting of the Group, which accounts for over 25 per cent of the world's agricultural exports, will also formulate work plan for implementing the agenda of the meeting, a senior official informed The News on Saturday. Besides the scheduled engagement of the member countries, which celebrate 20 years of concentrated efforts to liberalise trade in agriculture, would also hold bilateral and

sideline meeting with Pakistani officials, the official added. During the sideline meetings with food, agriculture and livestock and commerce ministers, the visiting delegates of Cairns Group would also discuss for enhancing the trade and co-operation in agri sector, he said. An 18-member countries group includes Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, the Philippines, South Africa, Thailand and Uruguay.

The group will also devise its strategy to push European Union and US for eliminating the trade distortions by pushing both the EU and US to make

their position flexible, official said.

The agriculture will remain the centre of the entire round, the official added.

Developed countries wanted better access to the services and manufacturing sector of the developing countries in the return of cutting tariff and subsidies on agriculture produces.

The Cairns Group has continued to push the WTO member countries for the liberalisation of trade in agricultural exports and is committed to achieving free and fair trade in agriculture that provide real and sustainable benefits to the developing world. ■

(Source: The News)

## HUMAYUN CALLS FOR FINISHING DOHA ROUND

Commerce Minister Humayun Akhtar Khan at the G-33 meeting has warned that time is running out for Doha negotiations and it is time for negotiators to finalise the round. The G-33, which is coordinated by Indonesia and includes large countries such as India, China, Pakistan, Turkey, Nigeria and a member of small African and Latin American countries, is a coalition around the concept of protecting some agricultural products known as SP (Special Products). They also want special mechanism to be able to cope with import surges and price falls of agricultural products.

In the agricultural market access negotiations in the context of Doha Round of negotiations, the debate on SPs and SSM is of crucial importance. As negotiations are entering the final stage, G-33 Members are keen that an acceptable solution for these issues acceptable to a diverse range of G-33 Membership and other WTO Members can be found. Some G-33 Members are worried that agricultural liberalization will not benefit those countries which are net-food importers. They are also worried about price stability and import ranges. There is a concern that if trade distorting domestic support is not substantially reduced and if developing countries

have to reduce tariffs, they could not have any adequately mechanism to protect their farmers against cheap imports.

While underlining the importance of food security, livelihood security and rural development for developing countries, Humayun Akhtar Khan stressed the importance of growing South - South trade especially in agricultural products. He said that while Pakistan fully supported the concept of SPs and SSM for developing countries this demand should be reasonable. Not only this would be helpful for them to build on their existing trade but would also enable G-33 members to apply pressure on major countries to present constructive proposals on reducing subsidies and opening of markets.

The G-33 Ministers agreed that there was an urgent need to make progress in the Doha negotiations in the next few weeks. If such a progress is not achieved, it is likely that the Round may collapse. Mr. Khan said, this would be a major loss for the whole world and in particular for developing countries. Indeed it is high time that we stop posturing and start serious negotiations. We are now in the end game. Either we make use of this

narrow window of opportunity or we let it slip. However, if we do let it slip, we, particularly developing countries, will pay very dearly for it.

Humayun Akhtar also took this opportunity to make a new proposal to move forward negotiation on agriculture. His proposal involved asking G-33 members to agree on a limited number of indicators which take into account all concepts of food security, livelihood security and rural development needs. Khan said we have concrete proposals. We have to make decisions and move on. The time is now. Everybody has to understand the mechanics of negotiations. There is a time to come to a conclusion and not to keep restarting positions and others to make concessions. We need to conclude now and not lose this opportunity.

Encouraged by Pakistan's new proposal on SPs, the G-33 Members agreed on a revised list of indicators which would form the basis of selection of SPs. They also agreed on the future work programme so that G-33 Members are ready with a revised proposal whenever the EU and US table their revised proposal on reduction of agricultural subsidies and reduction of tariff. ■

(Source: Daily Times March 22, 2007 )

# BAN ON FISH EXPORT TO EU AFTER APRIL 12

The European Commission (EC) has informed the Pakistani government that no consignment of fish products from Pakistan will be allowed entry to EU states after April 12.

The de-listing of fish processing units came as a result of inspections by the Food and Veterinary Office (FVO) officials of the EC of January 2007, and after which the EC decided to de-list all the 11 fisheries establishments from their approved list.

This is a second blow to Pakistan from the EC this month after various restrictions imposed by the EC on landing of PIA flights in the European states.

An official in the Marine Fisheries Department (MFD) said the MFD had received a letter from the EC.

He said the department would be informing exporters. However, the chairman of Pakistan Seafood Industries Association (PSIA), Hanif Khan, has been asked to inform the members of the association.

To a question about the steps, to be taken by the MFD or the federal government, to handle the situation, he said that the

final report would carry all procedures and requirements which would have to be followed by the government and exporters to ensure re-listing in the approved list.

He said that the report would also highlight deficiencies which the EC mis-



sion had found in the processing units in the January inspection.

"The government will chalk out its plan to handle the EC ban on 11 plants after the arrival of final report," the MFD official said.

Pakistan will suffer a loss of \$50 million after losing its share to the EU states out of total exports of \$196 million.

PSIA chairman Hanif Khan said the work on future consignments of export to the EU states had come to a lull after the ban on the seafood products after April 12. He, however, held the federal and provincial governments responsible for the poor handling of

the EC ban issue.

An official in the Ministry of Food, Agriculture and Livestock (Minfal) told that the federal government was in direct consultations with the Sindh government in order to resolve the issue of fish exports.

He said the government had two solutions to resume fish exports after April 12. One is that the EC delegation or mission is again invited to visit fish establishments provided that all the 11 establishments meet the requirements in the earliest possible time.

He added that second option is that the government gives an assurance to the EC for removing deficiencies in the processing plants in a specific time-frame instead of any visit by the EC mission. ■

(Source: Dawn, March 14, 2007)

## APTMA SLAMS ANTI-DUMPING DUTY ON PSF IMPORT

The All Pakistan Textile Mills Association (APTMA) has taken a serious note of the provisional anti-dumping measures initiated against the import of polyester staple fiber from Indonesia, Thailand and S Korea. "The announcement of the measures by the national Tariff Commission (NTC) has exposed a number of structural faults in Pakistan's economic management system" said APTMA spokesman Akbar sheikh while briefing the media. He said there appeared to be a dichotomy between different ministries and also between departments within the same ministries. He regretted that the ministers of textile and commerce had said that no announcement would be made without consulting all the stakeholders. However the measures have been announced in spite of assurances. He said Pakistan's anti-dumping laws and NTC's procedures had failed to consider the national interest and constructive alternative remedial measures before announcement of provisional steps, which blocked the trade. The anti-dumping law itself was in conflict with the constitution of Pakistan. As a matter of fact, the law was framed without any consultation with the stakeholders and failed to address the peculiarities of the economy, he said.

(Source: World Trade Review March 15, 2007)

# BHUTAN SEEKS TO JOIN WTO IN

## 2008

In an efficient move toward the international market and economic globalization, Bhutan will be ready to accede as a member of the World Trade Organization by 2008.

Bhutan's government has ordered that all preparations for accession be completed by the Ministry of Trade and Industry by the first half of 2007; thus, only the formalities of accession would be left for 2008. ■

(Source: [http://English.ohmynews.com/articleview/article\\_view.asp?no=354745&rel no=1](http://English.ohmynews.com/articleview/article_view.asp?no=354745&rel no=1))

**Uruguay Round:** Multilateral trade negotiations launched at Punta del Este, Uruguay in September 1986 and concluded in Geneva in December 1993. Signed by Ministers in Marrakesh, Morocco, in April 1994.

**MFA:** Multifibre Arrangement (1974-94) under which countries whose markets are disrupted by increased imports of textiles and clothing from another country were able to negotiate quota restrictions

**Non-Tariff Barriers (NTBs):** Measures that have trade-restrictive effects on trade in goods or services, but do not involve tariffs. They include technical barriers to trade and quantitative restrictions. May also include standards intended to promote health and protect the environment.

**Non-tariff measures:** Measures other than tariff measures to regulate trade, such as standard customs requirements, certification, quotas, sanitary regulations, prohibitions, etc. Same as "Non Tariff Barriers".

**Cairns Group** Group of agricultural exporting nations lobbying for agricultural trade liberalization. It was formed in 1986 in Cairns, Australia just before the beginning of the Uruguay Round. Members of the Group are: Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, the Philippines, Peru, South Africa, Thailand and Uruguay.

**FTA (Free Trade Area):** Trade within the group is duty free but members set their own tariffs on imports from non-members (e.g. SAFTA).

## SAARC DECLARATION 2007

The eight-page declaration welcomes Afghanistan as a new member, heavily emphasizes the region's social and economic development, and says the next summit will be in the Maldives.

The 14th Summit (April 3-4) of the leaders of South Asian Association for Regional Cooperation (SAARC) ended with a joint declaration. Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka) welcome Afghanistan as the newest member of this regional body.

The eight-page declaration heavily emphasizes the region's social and economic development. Among the highlights include:

- Build a Partnership for Prosperity for South Asia
- Operationalize the SAARC

Development Fund, establish the South Asian University with its headquarters in India, create a SAARC Food Bank, and set up the SAARC Arbitration Council.



- Develop a road map for a South Asian Customs Union and a South Asian Economic Union for intra-regional free trade

- Ensure effective market access through smooth implementation of trade liberalization programs, such as

the recently ratified SAFTA

- Commitment to a rule-based multilateral trading system

- Condemn terrorism in all its forms and manifestations, whenever and against whomsoever committed (as well as urgently conclude a Comprehensive Convention on International Terrorism)

- Welcomed China, Japan, the European Union, South Korea, and the United States to be associated as SAARC observers (as well as welcomed Iran as a new observer)

- Hold next summit in the Maldives

(Source:

[http://www.nepalmonitor.com/2007/04saarc\\_declaration\\_20-print.html](http://www.nepalmonitor.com/2007/04saarc_declaration_20-print.html))

## PROGRESS OF FTA TALKS WITH DIFFERENT COUNTRIES

The Euro-Asian Union has not refused discussion with Pakistan on the free trade agreement and the issue would be decided at a meeting of a joint committee formed under third generation assessment system by the two sides.

This was stated by Commerce Minister Humayun Akhtar at a press conference. He said the EU had already agreed to start negotiations on the FTA with India and hoped the EU would start the process with Pakistan after deliberations of the joint committee.

He clarified that India had not withdrawn tariff concessions under the South Asia Free Trade Agreement (SAFTA), but simply said the option could be exercised. He said Pakistan insisted it was fully abiding by the SAFTA treaty while India rejected the argument. "This difference of opinion should be settled in

accordance with the SAFTA's dispute resolution mechanism. India has agreed to this suggestion," he added.

He said there was no progress in FTA talks with the US, though the trade was being managed under the trade and investment free agreement between the two countries. He said progress was at an advanced stage on the Reconstruction Opportunity Zones to be established in the tribal belt of Balochistan and major part of NWFP including big cities.

"Efforts are being made to include maximum textile items in this treaty as all products made in these zones would have duty-free access to the US market."

He said the growth in textile exports had slowed down, but was not in the negative zone. The Ministry of Commerce, he added, had as-

signed a foreign consult-

ant the task to do a study on 10 sectors of textile that would enable the government to take measures where its intervention was required and enable the private sector to address its shortcomings.

He said reputed international consultants would be asked to prepare similar studies for other export sectors to enable the government to formulate a realistic trade policy and initiate required corrective measures. He said the delay in FTA with the countries of Gulf Cooperation Council was due to lack of interest on the part of the Arab bloc, adding Pakistan would request Saudi Arabia to use its influence to speed up the process. ■

(Source: The World Trade Review)

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The British Standards Institution (BSI), the national standards body in the United Kingdom, announced the launch of its operations in Sri Lanka last month. With over one hundred years of achievement, BSI is one of the world leaders in advancing industry and businesses for a better quality of life. It has 15000 subscribing members and 2000 standards published per annum and currently count 24000 current British Standards with 7000 current standards projects.

Quality control plays an important role in present-day free trade ethics. The WTO agreements also provide that any trading partner can deny entry of goods, which do not conform to the importing countries' national standards or internationally accepted standards. This has necessitated all manufacturers to follow the international standards so that their goods are acceptable in international markets. And obviously, in order to become acceptable one needs to know the standards, the raw materials and their sources of availability, the required production line and machinery, establishment of testing laboratories, internationally accepted certification by standard institutions etc. The presence of BSI in Sri Lanka is the first step in this direction and will help in creation of an environment of standardization.

Pakistan Standards Institute (PSI) is functional for a long time and has evolved a system of standardization and certification, yet much more needs to be done. International acceptance of these standards by foreign consumers is equally important as without which the consumers do not repose their confidence and without their preference, Pakistani goods cannot gain access to foreign markets.

It must also be emphasized that the overall image of a country also plays a vital role in increasing the acceptance level of its products; hence Pakistan may strive to create its soft

image for boosting its exports. The value addition and export volume is proportional to the international image of any country. The higher any country desires to go, greater the efforts needed to build its image. In turn, the image of any country is made up by its institutions, rule of law, educational standards, inventions, patents etc.

## **WTO Challenges Worry Farmers**

Vietnam's accession to WTO opens opportunities for many businesses to penetrate into larger export markets and for consumers to enjoy better goods at lower prices. Local farmers, however, worry that joining the trade body would not only bring them benefits, but also expose them to greater challenges.

Vietnam's predicament is the same as faced by many developing countries at one time or the other. WTO membership opens doors for opportunities but also exposes the weaker sectors of the economy to risks and challenges. Similar is the case with multilateral trading system or free/ preferential trade agreements. This partially explains the motivating spirit behind worldwide protest demonstrations by farmers and workers against multilateral trade arrangements.

In a free trade regime based on multilateral trading system under WTO, the rules of the game are well defined and each passing day brings transparency in terms of interpretation of these rules. The success lies in adapting to changing trade winds and re-learning the lessons of international trade. Since the days of protection and subsidies are over, only those industries will survive which understand their customers, their choices, the internationally prescribed standards, and competitive prices, be it in Vietnam or any other country.

The international competition has grown so fierce that there are instances where trade giants in developed world are also feeling the heat. Many of them are finding it difficult to survive leading to mergers and acquisitions by bigger entities. Under these circumstances, every stakeholder irrespective of its nationality has only one option and that is to make oneself comparable to the rest of the world. Mere demonstrations or protests cannot stem the changing winds of

globalization.

## **Saarc Business Leaders See India a Roadblock**

Leading stakeholders in the Saarc region's trade viewed the Indian attitude as a major roadblock to boosting intra-regional trade. The Indian mindset is to derive maximum benefit for themselves and corner others in the region through protecting their market by uniquely imposing NTBs (non tariff barriers), said a leading businessman from Sri Lanka, requesting anonymity.

India is one of the most protected economies in the world. Time and again, the business community and other stakeholders have been complaining about conscious Indian efforts to raise non-tariff barriers to impede the free flow of goods from other countries especially from India's smaller neighbors. Not surprisingly, even some leading Indian businessmen feel they are not allowed to trade freely with other trading partners.

Following the operationalisation of SAFTA, there has been all round urge for greater cooperation for the promotion of trade in goods and services in the region. Pakistan must be genuinely keen to promote mutually beneficial trade relations with all Saarc members. But in case of India, it must be ensured that the concessions extended to India are not only reciprocated but at the same time, no NTBs are raised to the disadvantage of Pakistan. Over the years, World Trade Report (WTR) has been suggesting to the relevant authorities in Pakistan for the compilation and publication of an annual report highlighting salient incidents of NTBs created against imports from Pakistan. Such a compendium would be immensely useful for our trade negotiators in preempting raising of such barriers.

India as the dominant economic entity in the region must also be made to realize that trade relations can be lasting only if these are transparent and mutually beneficial. Persistent resort to NTBs can accrue short-term benefits but in the long run, it is apt to make the protected industries incompetent thus creating distortions in their own system. ■



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**India Urged to Open up Its Economy to Foreign Investment:** A top US trade envoy leading the biggest ever business delegation in American history appealed to India to go the extra mile in opening up its booming economy to foreign investment. US companies are very serious about doing business with India, said US Under Secretary of Commerce for International Trade.

This is not the first time that India has been asked to open up its economy. Besides US, similar advises have been coming from time to time from other countries and global institutions. India's neighboring countries, which have entered into free trade agreements with India, also rate India as a highly protected economy.

While it is for India and its trading partners to settle for a mutually rewarding relationship, what transpires from the above is the way the world looks at their trading partners and how important it is to open the economy and provide a congenial environment to foreign investment. However, there are still some vital sectors of the economy, which need grooming and protection before exposing them to foreign competition as India is doing.

While we appreciate Pakistan's transparent policies with regard to opening up its economy, at the same time we must also point out that its record of implementation of these policies is not up to the desired level. Frequent changes in taxation policies, sudden withdrawal of exemptions, unpredictable changes in im-

## NEWS & VIEWS

port tariffs, unreliable dispute resolution system, and non-fulfillment of commitments made to stakeholders are some of the grey areas where government needs to concentrate. If it is not done in the near future, chances are that foreign investors will shy away or show their reluctance to bring investment despite the government's sincere desire to make room for them.

### **Southern Iranian Ports Could Turn into Regional Trade Hub:**

Iran's commerce minister Massud Mirkazzemi said that southern Iranian ports should turn into trade hub in the Persian Gulf waters. He said after eight years war with Iraq, southern ports in the Persian Gulf seized the opportunity and took a leading role in regional trade exchange. The statement by the Iranian commerce minister is the latest addition in a streak of similar claims made by ministers of developing world vowing to make their countries regional hub in various sectors of the economy. While all countries enjoy the right to take any measures they feel is in their national interest, it should also be borne in mind that it is not only the slogans and speeches which will make their respective countries regional hub but a lot more practical steps are needed to translate it into reality. Quality infrastructure, congenial environment, positive approach of bureaucracy, sense of safety and security and predictable friendly legal regulations are needed to make the country regional hub in any manner.

Since Pakistan government is also trying to make Pakistan regional hub in many sectors, we will draw their attention towards the above referred ground realities. It is not the announcements and promises alone but lot more is required. Unless that is done, the dream of making Pakistan regional hub won't be fulfilled.

**Anti-Globalization Activists Attack G8 Summit Venue:** Anti-globalization activists claimed responsibility for a paint bomb attack on a German luxury hotel where the summit of eight industrialized nationals will be held in June, local reports said.

This is not the only incident of its

kind. In fact, demonstrations are now being held against all such international conferences, which talk of globalization or multilateral trading system on various pretexts ranging from deterioration of environment to exploitation of poor. Ironically, such demonstrations are generally organized by civil society organizations of the developed world. Similar demonstrations in developing world too are organized by local organizations with financial assistance of the developed world.

Whether or not such demonstrations influence the agenda or the decisions taken in the conference, the tangible negative impact of such demonstration is that third world tends to believe as if such opposition in the developed world is in support of the third world. Hence, they fall prey to the illusion that new world trade order is perhaps at the brink of collapse. This illusion makes third world lethargic. What they fail to appreciate is that whatever the shape of multilateral trading system, the principle of survival of the fittest is universal and will hold the ground for all times to come as it held the ground in the past.

Third world countries, therefore, should be cautious of all such demonstrations and should not be easily carried away. They should strive hard for integration into new multilateral system within the contours of WTO as it appears such contours are going to survive irrespective of the shape of formal organizational arrangements. Competitiveness, supply of goods and services of internationally accepted standards at reasonable prices, and all other trade practices of modern days trade are a pre-requisite for remaining on the scene otherwise market forces are going to wipe out the uncompetitive industries and economies. ■

**Source:** The World Trade Review  
16-31 January 2007 and  
1-15 February 2007