

Pakistan's position on July Framework Issues:

1.1 Agriculture

As far as negotiations on agriculture are concerned, market access to highly protected markets of the EU and huge subsidies provided by the USA has remained the major concerns for most developing countries. Pakistan does not have the resources to match northern subsidies. Subsidies on cotton provided by USA directly affect Pakistan's export of cotton. In order to safeguard her export interests Pakistan supports elimination of all forms of export subsidies on agricultural products. Pakistan also demands substantial reduction in domestic support and substantial improvement in market access as mandated under the Doha Development Agenda. Pakistan, as part of G-20 has proposed an aggressive formula for reduction in overall domestic support of developed countries to substantially reduce their domestic and export subsidies. At the same time G-20 proposes the retention of 10% de-minimus support provision available to developing countries for supporting their development goals, poverty reduction strategies, food security and livelihood concerns. During Hong Kong Ministerial (2005), Pakistan also joined the club of agricultural exporting countries, known as Cairns group in WTO.

Pakistan is also a member of G-33 and supports G-33's defensive stance for "Special Products", in order to use Special Safe Guard Mechanism against dumping and import surges. Pakistan's specific stances against each pillar of agreement on agriculture during and after Hong Kong Ministerial Conference are provided in following sub section.

1.1.1: Export Competition

Pakistan supports and demand from export subsidy providing countries for a complete elimination of export subsidies by the year 2013 & achieving parallelism through elimination of program for export credits, export credit guarantees and insurance program beyond 180 days, while ensuring front loading of commitments by achieving 50% elimination in the 1st year of the implementation period.

1.1.2: Domestic support

Pakistan supports overall substantial reduction of total Aggregated Measures of Support (AMS). On permitted deminimus and blue box payments, it calls for capping of product specific support; further reduction in deminimus for developed countries; demands the blue box criteria to be less trade distorting; and calls for a review and clarification of green box criteria.

1.1.3: Market Access

Pakistan has an aggressive interest in market access and demands for a substantial overall reduction in tariffs with deeper cuts on higher tariffs through tiered formula. It also supports that the issue tariff escalation should be addressed. As a special and differential treatment, it supports the concept of special products and special safeguard

Mechanism for developing countries. It also calls for tariff capping at 100% for developed countries & 150% for developing countries.

2. NAMA

Textile and cotton products have major share in Pakistan's export basket. Hence, Pakistan's interest in NAMA is quite understandable. Pakistani Commerce Minister was nominated to be facilitator (friend of chair) on NAMA negotiations during Hong Kong Ministerial. This opportunity provided it a leverage to lobby for its position on NAMA. Under NAMA negotiations the bases were the commitments made under DDA i.e., removal of tariff peaks, tariff escalations and non-tariff barriers. During July package negotiations, NAMA was a priority area for Pakistan and its stance was more 'offensive' as the tariff peaks of developed countries hurt its exports, especially in textile and clothing sector. Pakistan was not a member of any FTA in 2004, whereas many of its competitors were receiving Preferential Tariff Treatment thus hurting Pakistani exports. Pakistan, like all other countries believes that the tariff peaks be removed, the tariff escalation minimized and the developing countries be provided maximum market access in developed countries. However, Pakistan supports that developing countries should have some cushion to protect their industries against cheap imports and for this purpose their tariff reduction commitments should be implemented gradually and over maximum period of time. Thus Pakistan advocates for a tiered formula approach based on level of development and supports less than full reciprocity for developing countries.

Pakistan also has reservations over "duty free quota free access" to exports from LDCs as these preferences given to LDCs like Bangladesh would directly affect its competitiveness. Hence it pressurizes developed countries to find alternatives to help LDCs.

Pakistan has proposed a simple Swiss formula with 2 coefficients based on objective criteria. These take account of current tariff profiles and suggest six (6) coefficients for developed countries and thirty (30) for developing countries. These coefficients represent the current averages the bound rates in respective countries.

3. Services

During Post Uruguay Round period, Pakistan has liberalized its telecommunication and financial sectors with the expected benefits such as;

- the foreign services providers will be providing their high quality services on lesser cost.
- it will encourage the local traders and services providers to become more competitive and efficient.

While opening up its domestic service sector, Pakistan also likes to send its service providers abroad through Mode-IV of Agreement on Services, i.e., movement of natural persons. It also wants to get benefit from Mode-I, in the IT services provision with view to remove all barriers to market entry along with the MFN exemptions.

Pakistan has undertaken extensive autonomous liberalization and it stresses for *balanced movement in rules and market access* negotiations and progressive liberalization accompanied, by strengthening of domestic regulatory frameworks. Pakistan supports “plurilateral request-offer system under services” as proposed under Hong Kong Declaration.

Pakistan has received collective requests addressed to several other countries in Energy services, Environmental services, Financial services, Architectural and Engineering services, Integrated Engineering, Maritime transport, Construction, Telecommunication services, Air transport services and Logistic services. Pakistan is examining these requests. Earlier Pakistan submitted its initial offer on 24th May 2005, on the basis of requests received from 19 WTO members. Pakistan has offered 9 sectors out of 12 as compared with a benchmark of 6 sectors of the Doha round. Pakistan has offered commitments under 74-sub sectors, which were 49 in number in the pre Doha period.

Highlights of Initial Offer are:

- Offer to increase equity limit from 51% to 60% unless specified otherwise.
- Offer to remove restrictions on acquisition of real estate.
- Categories for ‘Intra corporate transferees’ and ‘business visitors’ defined, along with reasonable time periods for stay to facilitate temporary entry.
- Improvements proposed in telecom and financial services.
- New commitments proposed in business, distribution, educational, environmental, communication, research & development, rental and leasing, printing & publishing, and agriculture storage facilities.

4. Trade & Facilitation

Pakistan subscribes to the view that Trade facilitation can improve trading disciplines. To achieve this Pakistan has started its efforts to improve the procedures and modernize the working of Customs and increase transparency. The real challenge is to have a balance i.e., facilitating trade without compromising on efficient collection of Custom revenues and other border controls. Pakistan has co-sponsored documents to ensure that developed country members provide technical assistance and capacity building aimed at enhancing implementation capacities of developing and LDCs. Pakistan also supports the proposal that there must be an adequate linkage between any new obligations and the capacity of developing countries to implement them.

5. Development S& D

Pakistan seeks early solution of all remaining proposals, both in the Committee on Trade and Development Special Session and in other bodies with the objective of operationalising the special and differential provisions contained in various WTO Agreements. However, it has reservations on one of the five specific proposals agreed in Hong Kong regarding duty free/quota free access for all LDC products.

Pakistan's textile exporters suffered huge losses when Canada gave preferential duty free access to LDCs textile products from 1st January 2003, that resulted in a very high percentage of Pakistani market share being captured by LDCs. To avoid similar adverse impacts on its textile exports in other markets as a result of duty free access to LDCs, while in principle supporting such access for LDCs, Pakistan got it stipulated that duty free access to LDCs should not adversely affect interests of other developing countries at similar levels of development.

This is the reason that Pakistan (along with Sri Lanka) got an amendment in the final draft of Hong Kong Declaration and instead of complete duty free, quota free market access to LDC, such treatment was only extended to 97% tariff lines.

6. Pakistan's Implementation Issues

Pakistan stands for early settlement of all remaining implementation issues in favor of developing countries. In case of TRIMs agreement, it supports India and Brazil for providing in the agreement to allow the developing countries flexibility to implement development policies.

7: TRIPS Negotiations

Pakistan is chairing the WTO negotiating group on TRIPS. Pakistan also supports that the notification and registration system should be voluntary.

8: Rules Anti Dumping (AD)

Being a supporter of FANs (Friends of Anti Dumping Negotiations), Pakistan is actively engaged in these negotiations with a view to pursue its offensive export interests. Its major focus in these negotiations remains on streamlining initiation of the investigation process and clarifying rules in order to curtail discretions available to the investigating authorities.

Pakistan is also part of a small technical group discussing 'Questionnaire and Verification' for the 'Investigating Authorities'.

Its primary interests lie in following Agreement specific proposals:

- Initiation and completion of AD investigation, including back to back meetings
- Fair competition
- Public interest clause
- Use of facts available
- Definition of dumped imports
- Sunset reviews
- Determination of normal value;
- Determination of injury and
- Common issues of ADA & ASCM

9: Countervailing measures

Pakistan is supportive of clarifying these rules with a view to bring them in harmony with the AD Agreement.

10: Fisheries & Subsidies

Pakistan is supportive of clarifying these rules with a view to bringing them in harmony with the AD Agreement.

11: Regional trade Agreement

Pakistan supports transparency issues, including examination for the Agreements under Article XXIV of the GATT and Article V of GATS. Pakistan, however, feels that the RTAs falling under the 'Enabling Clause' are not subject to the WTO examination requirement.

For systemic concerns, Pakistan is supporting EC's proposal of defining and developing some acceptable parameters for the coverage of RTAs in terms of extent and depth of tariff preferences.

Pakistan can however go along with the Australian proposal of ambitious coverage in RTA's, if the concessions thus far agreed among the contracting member states are subsequently multilateralized after [x] number of years