

WORLD TRADE ORGANIZATION

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TRADE POLICY REVIEW BODY

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TRADE POLICY REVIEW MECHANISM

Trade Policy Review of Pakistan

Communication from the Discussants

In pursuance of Annex 3, paragraph C(iv) of the WTO Agreement, the following are outlines of the main points to be raised by Mrs. Linda Fernández-Corugedo Steneberg (Sweden) and Mr. Mehmet S. Onaner (Turkey) at the review of Pakistan to be held on 15-16 February 1995.

It is recalled that discussants act in their personal capacity.

(a) Mrs. Linda Fernández-Corugedo Steneberg

1. Pakistan must be given due credit for its recent greater reliance on market forces, the deregulation of its import and export régimes and for trying to open up the economy to the outside world. Given the more positive economic trends in the forthcoming period, compared to the last few years, liberalization must continue in order to eliminate the prevailing inefficiencies in the economy, to allow market signals to penetrate to economic decision makers and to allow these and the authorities to diversify the production. In the Eighth Plan (1993-98) one stated objective is to limit imports to 5 per cent of GDP. This figure raises the question whether Pakistan will not, after all, lower its tariffs as foreseen in the tariff reform programme, due to be implemented in 1994-97.

2. It would seem that women are an underutilized resource in Pakistan. As such it is of interest to me that in the Social Action Program more emphasis was put on women and children. Would the delegation please elaborate on this and on any future plans.

3. The infrastructure is still weak in Pakistan, education standards leave some things to be desired and investment in research is inadequate. The private sector shows little interest in the development of research facilities. Pakistan is endowed with a wide range of fuel and non-fuel minerals, but these are insufficiently exploited, partly because of a lack of detailed geological surveys. Perhaps the private sector has not yet been enough exposed to the market forces and is therefore not mature enough to undertake these responsibilities. Against this background it seems that the authorities will have to take the lead. What are the plans?

4. Pakistan is a member of SAARC (South Asian Association for Regional Cooperation). This, however, remains a framework agreement and members have not entered into negotiations for an actual exchange of concessions. Why is this? Economic theory and real life coincide in showing that trade between countries of similar economic structure benefits both the countries involved and world trade

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in general. Pakistan showed a laudable constructiveness in the Uruguay Round, is it prepared to vitalize regional trade in SAARC?

5. As textiles stand for around 60 per cent of Pakistan's total export earnings, the importance of this sector is obviously paramount. The main importing countries have over the years done Pakistan and other textile exporting countries an injustice, both in economic terms and from a development perspective, in maintaining restrictions on trade in textiles. For all believers in the merits of free trade, it is a great disappointment that the derogation from normal GATT rules was legalized in the Uruguay Round for as long a period as ten years. Pakistan does on the other hand maintain import restrictions of its own on some textile products. Is this really necessary? This weakens the argument against the restrictive big importers and it hinders the penetration of market signals to the Pakistani textile industry. In this context, it would be interesting to learn more about the diversification plans of the authorities as regards industry, since the concentration on the textile sector is clearly an "Achilles heel" of Pakistan's economy.

(b) Mr. Mehmet S. Onaner

6. Structure of trade policy formulation and implementation.
7. Measures directly affecting imports, inter alia, sales tax, negative list, procedural requirements.
8. Measures directly affecting exports, inter alia, export taxes, charges, levies, negative list.
9. Agricultural policy and impact of the results of the Uruguay Round.
10. Development of industry and export diversification.