GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE

TRADE POLICY

2003-04

SPEECH BY
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19TH JULY, 2003

TRADE POLICY SPEECH – 2003-04

Ladies and Gentlemen Assalam-o-Alaikum,

It is my privilege and pleasure to present to you the Trade Policy for the fiscal year 2003-04.

I will begin with a global perspective for this year's policy. Last year has been a frustrating year for global economic recovery. After the significant downturn in late 2001, precipitated by the events of 9/11 and subsequent developments, the world economy was showing signs of recovery during the first half of 2002. The optimism for global economic recovery largely dissipated during the second half of the year, owing to a series of adverse developments, unfolded on the international economic scene. These developments included several major corporate scandals and bankruptcies in the United States, resulting in bursting of the equity market bubble, rising uncertainties in the run-up to war in Iraq causing oil prices to rise sharply, and a recent outbreak of SARS virus, badly affecting business environment in Asia. As a result, the world economic outlook remained subdued, and global trade remained sluggish during fiscal year 2002-03.

Economic growth remained somewhat weaker in the major growth poles of the world economy. Weaker outlook in the advanced countries and higher oil prices have adversely affected the pace of economic recovery in the developing countries.

The global situation is now showing signs of improvement. Uncertainties surrounding the conflict in Iraq are broadly resolved. There are expectations that global economic recovery would gradually reassert itself, during the second half of the 2003. Major growth poles of world economy are likely to perform better than last year, and the growth outlook for developing countries appears encouraging. Pakistan is likely to benefit from a modest recovery in the global economy, during the current fiscal year.

The new trade policy is based on the optimism derived from our high export performance last year, in spite of the adverse external factors that I have just mentioned. With the hard work and dedication of our exporting community, and the consistent policies of the government, we not only crossed the Export Target of US $ 10.4 billion, that had eluded us in the preceding years, but even surpassed the target reaching a level of 11.03 billion dollars for the first time in our history. In the rapidly changing world trade scenario, we cannot be complacent with our achievements. For sustaining the export growth rate, we have to work still harder, using all our resources and exploiting our full potential, to avail new opportunities and meet new challenges.

In the formulation of the policy, we have held wide ranging consultations with all stake holders – the Federation and its constituent Chambers of Commerce & Industry, the Trade & Industry Associations, and exporters in all sectors, in long formal meetings and through eliciting their views and comments in writing. We have received hundreds of suggestions and proposals from the trade and industry which have all been given close consideration. Here, I would like to thank all those organizations and individuals who have taken the trouble of applying their minds to the problems and issues of international trade and have given us valuable suggestions and comments.

We have also held Inter-ministerial and Inter-departmental consultations, and have consulted with the governments of all the four provinces.

The trade policy initiatives have been taken considering both the national compulsions and challenges of international trade environment. We are part of the new multilateral trading system, envisaged in the WTO regime, that was started in 1995, and will mature fully from 2005. In particular, after the end of the transitional period of ten years, all quantitative restrictions on export and import of textiles and clothing will be eliminated from 1st January 2005. This would have a profound impact on our predominant textile sector, which contributes 67% of our textile exports. The high increase of 23% in textile exports last year, in all textile categories, gives us a degree of confidence in facing the upcoming world competition in this sector. Our domestic textile industries have adequate protection against imports, which we have already liberalized gradually in the past ten years. This liberalization of textile imports, has helped in improving our production efficiencies. To neutralize the unfair competition from dumped and subsidized imports, necessary legislations have already been put in place, in the form of Anti-dumping, Countervailing and Safeguard Ordinances

We now have to be ready also for compliance with the WTO agreement on TRIPS – trade related intellectual property rights. In this field also, we have made substantial progress. The establishment of Pakistan Intellectual Property Rights Organization is already approved and necessary legislation will come soon so that PIPRO can start functioning immediately. Legislation is already in place for protection of Trade Marks, Patents and Industrial Designs. Our manufacturers will henceforth need to be very careful about infringement of IPRs, to avoid possible trade sanctions against us.

For smooth operations in our production and exports, we also have to ensure compliance with environmental and social standards, and adoption of security measures required by our customers. There are other health-related restrictions on export of agricultural products, under the WTO agreement on Sanitary and Phytosanitary Measures, which are already creating problems in exports of fish, fruits, vegetables, rice and wheat. We have to take effective and credible measures, and adopt better standards to give satisfaction to our buyers, in the context of their health standards and quarantine regulations, which they can apply under the WTO agreement.

World trade is now dominated by regional trading blocs like the EU, NAFTA, ASEAN, APEC which give preferential treatment to their members. Unfortunately, although such discriminatory treatment cuts across the recognized MFN principles, these are allowed by the WTO rules. Until a truly free multilateral trading system comes about, we are also compelled to seek trade alliances; where-ever we can, by dint of our historical close relationships with a number of countries.

Like other WTO members, our services sector is also being liberalized and opened up to foreign competition. This will require Pakistani service providers to improve their efficiency and provide quality service to our customers.

EXPORTS

In the beginning, I referred to our high export performance last year. It would be appropriate to give you some of the highlights:

- Exports in 2002-03 crossed US $ 10 billion mark and reached level of $ 11 billion.

- Export target of $ 10.4 billion exceeded by 6%.
- Exports increased by 21% over preceding year 2001-02.
- Exports covered 91% of imports ($ 12.18 billion) against 88% last year.
- Trade deficit further reduced by 4% to $ 1.15 billion.
- Exports : GDP ratio increased by 2% to 17% of GDP.

Now, some significant details:

- The textile sector fetched $ 7.17 billion or 67% of our total exports.
- The textile sector posted the largest increase of 24% over previous year.
- Within the textile sector, three categories i.e. bedwear, woven garments and knitwear, crossed $ 1 billion each, for the first time.
- Rice exports increased by 22%, including 39% increase in basmati.
- Leather footwear increased by 48%.
- POL products increased by 63%.
- Developmental categories increased by 36%. These are engineering goods, IT products, fisheries, fruits and vegetables, marble and granite, chemicals and pharmaceuticals.
- Export of wheat rose by 81% to $ 129 million.
- Cement exports increased by 180% mainly to Afghanistan.
- Exports in other categories, that are non-traditional products, increased by 48%.

In terms of direction of trade, against total growth of 21%, exports to American region increased by 15.5%, to European Union by 27%, Middle East 36%, Asia 14%.

The increase in exports has been possible largely due to:

- Greater market access allowed by the European Union.
- Investment in the textile sector for BMR/expansion.
- Overall increase in unit values of our export items.
- Prudent handling of Cotton Policy and Textile Quota Management.
- Stable exchange rate, low inflation rate and lower mark-up rates.

- Consistent economic policies.
- Reduced tariffs.
- Aggressive marketing.
- Export Facilitation
- Product and market diversification.
- Abundant availability and reduced cost of finance.

IMPORTS

I would now briefly touch upon imports. Imports last year were US $ 12.2 billion, which is 17.8% higher than the preceding year. The main contributing factors were:

- Higher import of edible oils to the tune of $ 187 million.
- Increase in POL imports by 9% or $ 254 million, due to increase in prices by more than 18%.
- Machinery Group imports increased by 75%, mainly in import of textile machinery, electrical machinery and agriculture machinery.
- Chemicals Group imports increased by 15%, mainly fertilizer (32%), plastic material (17%) and other chemicals (19.7%).

Major items of imports were edible oil ($ 580 million), tea ($ 172 million), textile machinery ($ 525 million), motor-vehicles ($ 492 million), power generating machinery ($ 263 million), POL products ($ 1.7 billion), crude oil ($ 1.4 billion), textiles ($ 223 million), chemicals ($ 2.2 billion), fertilizer ($ 240 million), plastic material ($ 423 million), iron steel ($ 400 million), and paper and paper board ($ 130 million).

PROJECTIONS FOR 2003-04

I would now like to talk about our projections for 2003-04. Based on our assumptions that the exchange rate will remain stable, that there will be greater access to export finance, and that the domestic and external environment will not be faced with any new challenges, and a targeted growth of 9.7% on top of 21% growth last year, we expect to reach an export level of US $ 12.1 billion in the current year, and an import level of US $ 12.8 billion. If we reach these targets, the trade deficit will be further reduced to less then US $ 1.0 billion.

EXPORT STRATEGY

Before I come to the specific initiatives in the new Trade Policy, it will be appropriate to give you an outline of our strategy for the current year. The main elements of this strategy are :

- Reducing cost of doing business
- Increasing market access
- Technology & skills up-gradation
- Social, Environmental & Security Compliance
- Encouraging export-oriented foreign investment
- Region-specific strategy
- Country & business image building
- Capacity building of exporters
- Incentivization of exporters
- Value addition

PROPOSALS FOR TRADE POLICY 2003-2004

Up-gradation Fund

An Up-gradation Fund will be managed under public-private partnership. This Fund will finance the initiatives for Technological Up-gradation, Social, Environmental and Security compliance, setting up combined effluent and waste water treatment plants, hiring consultants, professional marketing companies abroad, upgrading Industrial Clusters, warehousing Pakistani products abroad, Agriculture Export Processing Zones, Special Export Zones, Garments Cities and Brand Acquisition. Mechanism for the operations of the Fund will be developed by Ministry of Commerce. The estimated financial requirement for the Up-gradation Fund from the Government of Pakistan is Rs. 3.74 Billion.

Technology Up-gradation and Marketing at enterprise level

For technical management and export marketing, consultancy services will be provided at the enterprise level on 50:50 cost sharing basis from the Up-gradation Fund. In the case of declining sectors, like leather and carpets, contribution from Fund may go upto 75%.

Joint Ventures

EPB will engage consultants to identify, advise and assist export enterprises for entering into joint ventures with compatible JV partners in foreign countries on 50:50 cost sharing of consultancy services out of the Up-gradation Fund.

Industrial Clusters

For a number of export products, in which Pakistan has or can create a competitive edge, the scheme of industrial clusters has been eminently successful in cities where the production of these goods is traditionally concentrated. In collaboration with UNIDO, such clusters are already in operation, or being developed, in Gujrat for electric Fans, in Wazirabad for cutlery, in Lahore for woven garments, in Korangi (Karachi) for leather and in Karachi for gems & jewellery.

Five more clusters will be organized for sports goods in Sialkot, for surgical goods also in Sialkot, for auto parts in Karachi, for electrical appliances in Karachi and Lahore, and for knitwear also in Karachi and Lahore. Infrastructure facilities will be provided for these cluster cities and cluster products. These will include training facilities, testing facilities, including laboratories, common bonded warehouses for raw materials, accessories and components and combined marketing support where feasible.

A Cluster Development Directorate will be established in EPB, headed by D.G (Supply) in the Head Office and two Directors (South and North) with sectoral cluster development agents for purposes of coordination with local and international stake holders. These agents from EPB will work in offices located centrally in each cluster area with representatives of SMEDA, SSIC, internationally a credited testing agencies, SME Bank and, where available, donor agency sponsored technical resource persons, to provide one window service to enterprises for all infra-structure facilities, including Banking, Communications, Water, Power and Gas.

Contamination-free Cotton

Contamination – free cotton is vital for quality production and cost effectiveness in the Textile Sector. For this purpose not only the training of the growers and ginners is essential but also procurement of contamination-free cotton needs to be ensured.

- Training Institute will be established out of EDF for training the farmers and the ginners to ensure supply of contamination free cotton to the textile industry.
- Financial support to ginners will be provided out of Technology Up-gradation Fund for improvement of ginning.
- TCP will continue to intervene and procure contamination-free cotton at a premium as and when needed.
- Quality control standard will be developed for cotton.
- A research center will be established at Rahim Yar Khan for development of quality cotton.

Relocation of Industries with Export Potential

In the post-quota environment from 1st Jan. 2005, the textile and clothing industries in USA, EU, and Canada are expected to opt for relocation to the developing countries for lower production costs. Financial assistance will be provided from the Up-gradation Fund for such relocation of textile and clothing industries, also of industries in other sectors with export potential, for the following types of transfer expenditure, on 50:50 cost sharing basis:

- Freight expenditure: machinery / equipment transfer cost.
- Statutory requirements: wharfage and handling
- Local expenditure: inland transport, offloading, insurance and agency charges

Services Sector

Board of Investment will remove equity restrictions from investments in the services sector.

Construction/Engineering services sector

The construction companies are not in a position to furnish bid bonds and performance bonds to get the contracts as it requires large capital outlays. A fund for the purpose will be created which may act as a collateral for commercial banks to issue the bid and performance bonds.

Country Business Image Building & Generic Product Advertising

Country Business image has a strong impact on buyers in sourcing products and services. A start has been made already in this direction with a T.V. campaign last year on BBC and CNN to improve Pakistan's commercial image. This was well received. the effort will be continued with promotional initiatives on a sectoral basis, through sector specialist journalists and opinion leading image building media.

Warehousing Products Abroad

A scheme is being offered under which EPB will hire through professional companies, specialized in the business of warehousing and marketing, in selected foreign countries and offer such space to exporters free of cost for the first year, extendable on a case-to-case basis for the second year, according to eligibility criteria for exporters and for products. Arrangements have been taken in hand for starting up the warehousing operations in Kenya, Poland and Sharjah. In the current year, arrangements will be made for warehousing in more selected countries.

Promoting ‘Pakistan Product’

To promote export products, EPB will arrange to hire through professional companies retail space in high-traffic shopping malls in major commercial capitals of the world. Such space will be made available to exporters, selected on a pre-determined criteria agreed between the EPB and stakeholders of different products on a 50:50 charge basis. Management of such space and retail sales will be outsourced to reputed well established Retail Chain Store companies.

Brand Name Acquisition / Franchising

Brand name is an important component in export marketing and carries the respective image of product, quality and business-related services. Branded products usually attract higher price advantage. Established brand names in foreign markets are often available for purchase or franchising. A new scheme will be launched to enable exporters to acquire/franchise brand names. Support will be provided to exporting companies for obtaining bank loans at 6 months Treasury Bills auction rate + 2% under the prudential regulations of SBP.

EXPO Pakistan

An annual Mega Event will be held in Karachi Expo Centre, and Lahore Expo Centre (when complete), to be called EXPO PAKISTAN. In this exposition, all products of Pakistan with an export potential will be put on display and export-related seminars would be held. This event will be widely publicized. Selected foreign buyers, buying houses and trade specialist media will be invited to the EXPO as guests.

Promotional Expenses

At present State Bank of Pakistan allows retention by the exporters to the extent of 5% of their export earnings for international advertisements, commission, etc. To allow greater facility to exporters for marketing and promotions, it has been decided to enhance such retention to 10%.

Inter-Ministerial Committee

An Export Facilitation Inter-Ministerial Committee will be established, comprising the Ministers of Finance, Commerce, Industries & Production, Investment & Privatization, and the Governor State Bank of Pakistan, Secretary Commerce and Chairman EPB. Secretary

Commerce will also act as the Secretary of the Committee. The Committee will meet at least once in a quarter and oversee the progress and also the implementation of trade policy. It will also be responsible to resolve all irritants faced by the business and export community.

Skills Development Council

A Skills Development Council in EPB will be responsible for overseeing and managing the training institutes established under EDF for improving the technical, managerial skills in various export related sectors.

Reorganization of EPB

EPB will be re-organized to increase its effectiveness. The marketing arm of EPB will be corporatized. This organisation will focus on export of agricultural and industrial products and services.

Setting Up EPB Office at Gawadar

EPB will open a new office at Gawadar to cater to the needs of the newly created special economic zone.

Quality Management

The need for compliance with ISO standards is already well-recognized and a large number of Pakistani companies are already certified for ISO-9000, many of them with financial assistance from EPB and the Ministry of Science and Technology. EPB will prepare and publish a directory of ISO-certified companies in Pakistan. Financial assistance for acquiring ISO certification will be continued.

Cost of Utilities

To reduce cost of electricity for industrial sectors, WAPDA / KESC will be allow “off peak hour rates” and “bulk rates” for industrial consumers.

Land Route Trade

Export under claim for rebate/duty draw back is allowed through two land routes only i.e. Torkham and Chaman. In order to facilitate businessmen on both sides, additional land routes may be introduced in consultation with the Governments of NWFP and Balochistan.

Hall Marking.

Establishment of Gold Assaying/Hallmarking facility is required for quality control & certification of jewellery. In collaboration with the London Assaying Office, A similar facility will be set up in Karachi.

Waste Water Treatment

A major requirement of textile and leather export industries is waste water treatment and management of toxic wastes for protection of environment. Waste water treatment plants can not be afforded by individual exporters. Such plants will be set up, on a collective and cooperative basis, in cluster cities of Karachi(Korangi, SITE, Landhi, Hub), Lahore(Kot Lakhpat, Raiwind/Manga Road), Kotri(Nuriabad), Multan, Faisalbad, Gujranwala, Hattar and Peshawar. These plants will be financed from the Up-gradation fund

Compliance machinery and equipment

The import of plant and machinery for environmental control is at present exempt from sales tax but is subject to customs duty of 10%. Such plant, machinery, equipment, spares and consumables will be subjected to the lowest duty rate of 5%.

WTO Awareness

Priority needs to be accorded to educating our manufacturers and exporters about WTO Trade Rules particularly about full liberalization of International Trade in textiles and clothing. It has been decided:

a) To establish a WTO Directorate in EPB for creating awareness among the stakeholders and get feed back from them on WTO related issues.

b) to enhance capability in the National Tariff Commission in the spheres of Anti dumping and Countervailing Duties and Safeguard Measures as well as assisting stakeholders in filing their applications with NTC.

Intellectual Property Rights (IPRs)

The environment for enforcement of Intellectual Property Rights (IPRs) in Pakistan is a source of concern to a number of our trading partners and is a serious disincentive for potential foreign investors. It is important that the issue of IPRs is addressed urgently. Establishment of Intellectual Property Rights Organization (PIPRO) is already approved. Proceed with the required legislation so that PIPRO will be start functioning immediately.

Civil Awards

To recognize and reward exporters who achieve high performance in exports, a package of incentives will be provided. This will include grant of civil awards on Pakistan Day and Independence Day and Prime Minister's Gold Medals, according to predetermined criteria.

Freight Subsidy

Government had allowed 25% freight subsidy on products whose total exports in any of the preceding three years (1999-00 to 2001-02) were not more than US$ 5 million, and, for all products exported to countries where our average annual exports in the preceding three years were not more than US$ 10 million. The scheme has been instrumental in product diversification and geographic expansion of exports. It A scheme will be continued till June 30, 2004.

Import of Samples

At present, imports of samples of no commercial value are allowed to manufacturers-cum-exporters, at zero duty under PCT heading 9910, subject to the condition of individual value not exceeding US$ 50 and provided there is not more than one sample of each kind or quality. Individual value limit for such samples will be raised to US$ 100. Individual cases beyond the increased value limit of $100 will be considered by CBR on the recommendation of EPB.

Export of Vegetable Ghee

At present, vegetable ghee in tins up to 5 Kg is allowed to be exported under claim for duty draw back. Export of ghee in 16 Kg packs will be allowed.

Agri-products and fisheries

In order to leverage the export potential of agri products and fisheries, it has been decided to establish the following:

- Agriculture Export Processing Zones – Sargodha, Rahim Yar Khan, Mirpur Khas, Peshawar
- Apple Treatment Plant at Quetta – Grading, polishing & packaging
- Date Processing Plant at Turbat, DI Khan & Khairpur

- Shrimp farming facility in Baluchistan
- Fish Processing, Hatcheries and Canning Plants at Karachi, Gawadar & Pasni
- Collection points and cold storage facilities for fruits and vegetables esp. grapes – in Baluchistan & NWFP
- Organic Foods promotion – mapping & certification
- Potatoes and onions – dehydration, cold chain, timely export management

PACKAGED RICE

At present, concessional rate of income tax at 0.75% is applicable to export of branded rice in packs of 5 Kg only. The facility will be extended to all branded packs of rice upto 50 KG. In this context, a brand definition and procedure will be developed.

SPECIAL EXPORT ZONES

Two Special Export Zones will be established, one at Karachi and the other in one of the industrial cities of Punjab. These zones will be owned and operated by corporate entities, in which GOP, multilateral institutions and the stakeholders would be equity partners. The Commercial banks will be encouraged to arrange financing under the SBP prudential regulations at 6 months Treasure auction rate plus 2%. These zones would have modern infrastructure like water supply, severage, self power generation and effluent treatment plants. These zones will be focusing on textile sector particularly in dyeing, processing and finishing sectors.

GARMENT CITIES

To meet the challenges of WTO rules based trade regime, particularly the elimination of quantitative restrictions on international trade in textile and clothing following the abolition of textile quotas from 1st January 2005, there is an urgent need to enter into joint ventures with reputed foreign companies, especially in the garments sector. Three Garment Cities in Karachi, Lahore and Faisalabad will be established. These Garment Cities will be owned and operated by corporate entities in which GOP, multilateral institutions and the stakeholders would be equity partners. The Commercial Banks will be encouraged to arrange financing under the SBP prudential regulations at 6 months treasury bills rate plus 2%. These cities will be provided infrastructure including sheds and will provide one window facility for the SMEs. The SMEs would only be for value added finished textile products. These cities will serve as the trend setters.

Strengthening Pakistan’s Trade Diplomacy.

Commercial representatives abroad are vital to effective export development and trade diplomacy. Regional Trade Commissioners will be appointed for the six regions, namely, The Americas, European Union, Africa, Far East, Middle East and Central Asia. They will be guiding the country representatives in the promotion of exports.

IMPORT TRADE REGIME

Pakistan, being a developing country, is pursuing policies directed towards rapid economic uplift of the country. Accordingly, emphasis of Import Trade Regime has been on stimulation and acceleration of industrial development with special emphasis on export oriented, and high tech industrialization as well as modernization of agriculture sector for creating employment opportunities with the ultimate objective of achieving higher standard of living for the people of Pakistan in Pakistan

The Import Trade Regime of Pakistan therefore aims at:

i. Un-interrupted supply of adequate raw materials to the industries;
ii. Facilitating liberal import of machinery for industrial development;
iii. Availability of essential commodities for the general consumers;
iv. Providing a measure of competition to the informal channel;
v. Facilitating inflow of latest technology into the country; and
vi. Increasing efficiency of the domestic industry by gradually exposing it to the international competition.

With the above objectives in view and in line with the export strategy being pursued and also to meet the post 2004 WTO era, and conclusion drawn from the trade performance during 2002-2003, the following decisions, have been taken in consultations with the Trade and Industry and all concerned Ministries / Divisions, Departments and Organizations in order to further streamline, simplify and liberalize the Import Regime

FACILITATION

Import Against Foreign Currency Demand Draft.

As per current Import Trade & Procedures Order a facility has been provided to the importer to import permissible goods worth US$ 5,000 in one fiscal year through foreign currency demand draft etc., without the opening of letters of credit. Industrial users however can import spare parts and machinery worth US$ 30,000 per fiscal year against foreign currency demand draft, if such import is made by air or courier.

The above ceiling for import against foreign currency demand draft will be dispensed with as part of the foreign exchange liberalization policy to facilitate the stakeholders in the intentional trade.

Import by Actual Users Without Limit

Presently actual users are permitted to import any item/ items provided the total value does not exceed US$ 5000 in one fiscal year.

It has been decided to do away with the monetary ceiling as part of foreign exchange liberalization policy.

Import of Goods for Demonstration Purposes

It has been decided to import of goods for demonstration purposes on import cum export basis for a limited period, involving items permissible for import, without recourse to the Ministry of Commerce, against submission of indemnity bond or bank guarantee to the satisfaction of the Customs Authorities.

Import of Goods for Repairs and Re-export Thereof for Export of Services

Import of goods for repairs and re-export irrespective of import status will be allowed. For the purpose of repairing and its subsequent re-export, with a view to enhance the export of engineering services, subject to the submission of indemnity bond or bank guarantee to the Customs Authorities to ensure re-export of the same within the specified period.

Import-cum-Export of Specialized Machinery Mounted On Vehicle By Oil Exploration and Construction Companies

As per current Import Trade & Procedures Order, import of specialized machinery mounted on vehicles/machinery like crane lorries, concrete mixers lorries, mobile concrete pumps, oil well logging trucks, seismic vibrators, seismic acquisition equipment, production testing equipment, concrete batching plant, concrete transit mixers etc., are banned for import in secondhand condition. These specialized vehicles / construction machinery/equipment are required by the Exploration and Production Companies and construction companies for various projects in Pakistan.

In order to facilitate the working of Exploration and Production Companies, It has been decided to allow import cum export of above machinery/equipment/specialized vehicles etc., (excluding super saloon cars, luxury vehicles and station wagons) on the recommendation of the Regulatory Authority against submission of indemnity bond or bank guarantee to the Custom Authorities to ensure re-export of the same after the completion of the project.

The same facility will be extended to the construction companies working in Pakistan on various projects on the recommendations of the sponsoring government agencies to boost the construction activities in the country.

Import of Construction Machinery Used Abroad By Pakistani Companies

Import of used/secondhand machinery will be allowed, irrespective of import status on completion of overseas project by Pakistani companies (excluding super saloon cars, luxury vehicles and station wagons etc.) provided such machinery has actually been purchased from their own foreign exchange earnings abroad, used on the foreign project and profit earned from the project repatriated to Pakistan through official channels. A certificate from the concerned Pakistan Mission confirming the actual use of such machinery on the project will be submitted to the Customs Authorities at the time of import.

Introduction of Import Management Service in EPB.

Presently Export Promotion Bureau is designed to provide services to the exporters for promotion of exports, while there are no specific services to cater the needs of importers. There is an urgent need to create an organization/cell, which would provide guidelines/services to the importers to effect cost effective imports. On the other hand increase of I% in exports requires lot of efforts involving monetary & non-monetary efforts.

It has been decided to introduce import Management Service in EPB for guiding importers in effecting cost-effective imports.

Exemption from Sales Tax Registration to Consignee of Goods sent By Overseas Pakistanis.

Overseas Pakistani's are allowed to send goods which are permitted for import from their own foreign exchange earnings abroad without involvement of Letters of Credits.

In order to facilitate the clearance of above goods in Pakistan, the consignees will be given Exemption from Sales Tax Registration.

The clearance of these goods will however be allowed subject to the production of an earning certificate from the Trade Officer of the respective Pakistan Mission. In case there is no Trade Officer in the foreign Mission, any designated officer of the Mission may issue such a certificate.

LIBERALIZATION

Import of Secondhand Electro Medical Equipment.

Presently Import Trade and Procedures Order allow import of secondhand or used medical equipment dialysis machines, reverse osmosis equipment and other similar electro medical equipment not older than 5 years old.

To facilitate availability of such equipment at cheaper prices, this facility will be extended to the Overseas returning Pakistani doctors under Transfer of Residence Scheme.

Allowing Import of Secondhand Forklift Trucks Above 5 Tons Capacity

Secondhand /used forklift trucks irrespective of weighing capacity are banned for import in secondhand condition. These trucks are commonly used in many industrial unit for loading and unloading of goods within the industrial premises. On confirmation from the EDB that forklift above 5 tons are not manufactured locally.

Import of used fork lift trucks above 5 tons capacity will now be allowed.

Import Secondhand Boilers By Industrial Consumers

As per current Import Trade and Procedures Order, import of secondhand boiler is not allowed. It has been the consistent demand of the industry to allow import of used boilers, as the new boilers are very expensive.

Import of boilers not older than 5 years will be allowed to industrial consumers only subject to prior approval of Chief Inspector of Boilers to ensure that the said boiler is fit for industrial use and is not life hazardous.

Import of Used Agricultural Spraying Machinery, Spraying Lorries/Sprinklers

As per current Import Trade and Procedures Order certain used, Agricultural Machinery like spray guns and other appliances for dispersing or spraying liquids or powders, spraying lorries/sprinklers etc., are banned for import in used condition.

Import of agricultural machinery mentioned above will be allowed for development of agriculture sector.

Addition of Recently Developed AISI-200 Series of Stainless Steel to Importable List.

Presently import of waste, seconds, and cuttings of stainless steel sheets and plates of AISI-300 and A1SI-400 series are importable. The manufacturers have approached this Ministry to allow import of AISI-200 series stainless steel sheets and plates recently developed by USA for use in various components of foods, utensils, surgical, swords, knife and cutlery industry.

It has been decided to add AISI-200 series in the list of importable items also.

Allowing Import of Used Lab, surveying Equipment.

Currently used instruments and equipment for laboratory, surveying and other purposes are banned for import. New apparatus/equipments are expensive and are also not manufactured locally.

After consulting Ministry of Industries & Production and Engineering Development Board, import of these equipments will be allowed used for laboratory, surveying and other purposes.

STREAMLINING AND SIMPLIFICATION OF THE PROCEDURES

Import of Seeds, Plants etc Under Certification of Department Plant Protection/Federal Seed Certification Agency

In order to ensure freedom from pests/diseases, import of sugar cane seeds, banana and suckers, vegetable seeds, seed potatoes, flower seeds and other field crops seeds including tubers, rhizomes, etc. will be allowed subject to drawing of seeds samples and testing quality by the Department of Plant Protection, besides the Federal Seed Certification Agency.

Import will be allowed of all species of plants and parts thereof whether living or dead, stems, branches, tubers, bulbs, corms, stock, bud-wood, layers, slips, suckers, green scum on stagnant pool, leaves fruits etc., subject to drawing of seeds samples and testing quality by the Department of Plant Protection and by the Federal Seed Certificate Agency.

Import of Pesticides etc.

Presently import of insecticides, rodenticides, fungicides, disinfectants etc., is importable in accordance with the provisions of the Agricultural Pesticides Ordinance 1971. The said ordinance has been amended through Amendment Act 1992 and Amendment Act 1997.

The provision in the IT&PO will be amended accordingly.

Import of Chemical Precursors, Ephedrine, Pseudoephedrine, Ergometrine and Narcotics Drugs

Presently import of chemical precursors having dual uses like acetone and propanone, acetic anhydride, acetyl chloride etc., are importable by the concerned industrial consumers who have been cleared by the Narcotics Control Division. Maximum quantity importable by an industrial unit in one year is determined by the CBR. Import of these chemicals will be allowed on their recommendation as well besides Narcotics Control Division and CBR.

The provision in the Import Trade & Procedures Order will be amended accordingly.

Import of Ephedrine, Pseudoephedrine, Ergomentrine etc. will be allowed, to the concerned industrial consumer also on their recommendation, as these drugs are internationally controlled substances and are required to be regulated through issuance of import authorization. The licences manufacturers cannot be allowed to import these materials without quantitative restriction. Presently these chemicals are importable by only those pharmaceutical units having drugs manufacturing licence.

The Import Trade & Procedures Order will be amended accordingly.

Presently import of all narcotics drugs and substances are importable by only those pharmaceutical units having valid drugs manufacturing licence. Import of the same will be made on the recommendation of Ministry of health as these drugs are internationally control substances and are required to be regulated through the issuance of import authorization. The licences pharmaceutical manufactures cannot be allowed to import these materials without quantitative restriction.

Import Trade & Procedures Order will be amended accordingly.

Import of Arsenic Compound by Industrial Users Only.

According to International Agency of Research in Cancer (IARC) Arsenic and Arsenic compounds are carcinogenic US EPA has classified Arsenic compounds viz-arsenic disulfide arsenic pent oxide, arsenic trichloride, arsenic triodide and arsenic trisulfide as hazardous substances.

In order to monitor and regulate the import of Arsenic and Arsenic compounds, the import of Arsenic and Arsenic compounds will be restricted to concern industrial consumers who have valid licenses issued by the concerned EPAs/EPD under PEPA 1997.

Banning import of other CFC based refrigerating equipment

In compliance with the conditions of Montreal Protocol Agreement of which the government of Pakistan is also one of the signatory, import of CFC based refrigerators and deep freezers was disallowed in the last year’s Trade Policy.

Introduction of INCOTERMs

INCOTERMs, will be introduced according to the practice of International Chamber of Commerce, in import-export business/laws for global integration.

Ladies and Gentlemen,

I shall conclude by saying that we have unfolded the blueprint for our business community to put Pakistan firmly on the path to economic progress. We have to work together, private sector as field players and primary achievers; public sector as facilitators. With this combination, the day is not far when Pakistan will, Inshallah, be a force to reckon with in the world of trade and commerce.

Pakistan Paaindabad