

**European Union's TRTA
programme for Pakistan**

Project Steering Committee Meeting Report

**European Union Delegation
Islamabad**

10 February 2005



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MINUTES OF MEETING

Project Steering Committee, EC TRTA Project in Pakistan European Union, 10 February 2005

Chairman: H.E. Ambassador Ilkka Uusitalo, European Commission

A. Morning session

1. The Chairman opened the meeting with welcoming remarks followed by a formal introduction of Project Steering Committee (PSC) members present in the meeting. He informed the house that the meeting date coincided with the Trade-related Technical Assistance (TRTA) project signing date with the Government of Pakistan (GOP) last year.
2. The Chairman briefed the participants about the cooperation between the European Commission (EC) and the GOP. He elaborated on the TRTA programme and informed participants about the EC's forthcoming Country Strategy Paper 2007-2013 for Pakistan where activities need to be identified for potential EC assistance. The TRTA project, he said, is a very timely intervention in view of ongoing and future EC engagement in Pakistan.
3. The first presentation was given by Sr. Trade Promotion Officer of ITC, Ms. Eugenia Nunez to present a summary of the progress made so far under components 1 and 3 of TRTA. ITC informed participants about activities since project launch in September 2004. Under component 1, the main activities undertaken include:
 - establishment of a WTO Reference Centre in Karachi;
 - expert missions of ITC, WTO and UNCTAD
 - identification of export sectors for the proposed sectoral studies under the project.
4. The ITC representative mentioned that, based on parameters set by ITC for selection of sectors, three sectors have so far been identified: textiles, pharmaceuticals and automotive sectors. She informed participants about the 2005 workplan under 4 main categories: (i) training, (ii) WTO Reference Centres, (iii) sector studies/work (including services work) and, (iv) consultation mechanism. She stressed the important challenges for 2005, as this is the main delivery year for the project. Among the main accomplishments of 2004 were: the establishment of the WTO Reference Centre in Karachi; the expert missions for the Reference Centres and on training; and, the setting up of the TRTA project office including the hiring of a National Programme Coordinator and a National Programme Assistant.
5. Initial discussions took place on sector identification for the studies envisaged under the project, since two sectors are yet to be specified out of the five proposed in the project. The Joint Secretary of the WTO Wing, MINCOM, highlighted the need to conduct a study on services sector due to its increasing importance and minimal

existing knowledge. Similarly, the Deputy Chief Economist, MINFAL proposed a study on SPS/TBT or alternatively a study on the agriculture sector with special emphasis on the effect of the WTO Agreement on Agriculture on this sector in Pakistan. The Joint Secretary, Ministry of Industries, pointed out that his Ministry proposed studies in textiles/garments, sports goods, agro-based products and engineering sectors.

6. On training needs under Component 1, the ITC representative informed that selected officials from the concerned Ministries of GOP would be sent to Geneva and Brussels for training on WTO-related issues and Trade Remedies. This will raise awareness and build capacities on these subjects. The Economic Advisor of the EC, Ms Mireille Perrin, mentioned the need for a customized, on-the-job training module for the visiting officials to Geneva. It was seconded by Joint Secretary, WTO Wing, MINCOM and other participants. The Economic Advisor of the EC informed all present that the EC Directorate General for Trade has a customized training module prepared for the officials visiting Brussels for training on dispute settlement. The ITC representative informed that they are also in the process of preparing a training programme based on the training needs assessment scheduled for March/April 2005.
7. The Sr. Trade Promotion Officer of ITC continued the project report of Component 1 by informing PSC members on the setting up of WTO Reference Centres in three cities. The floor was informed that the RFC at EPB Karachi is already established and the Lahore and Islamabad RFC's are planned to be set up by mid-2005. These RFCs, she said, will be of great value to both government officials engaged in trade promotion activities, as well as exporters. The software and databases provided at the RFCs contains useful information on WTO agreements, global trade and also include ITC tools for market research and analysis. In addition, it was pointed out that the value of the RFCs lies in the possibility for connecting computers of the RFC to those of other organizations so that a maximum number of stakeholders can benefit from the information available in such RFC. The connectivity aspect is a key point to be addressed by the RFC operational plan.
8. For Component 3 of the project pertaining to Intellectual Property Rights (IPRs) and being subcontracted by ITC to WIPO, the ITC representative briefed the floor on major planned activities in two areas: (i) integrated management of intellectual property and (ii) strengthening IP offices/systems. On the integrated management of IP, she briefed the group on the inputs for a national IP strategy such as the IP audit being conducted, the working paper on national IP strategy that would be conducted by the Head of the Singapore IP office, and holding of a national seminar to discuss the draft IP strategy. She also mentioned that the Singapore expert would provide elements for the setting up of the IP office in Pakistan, PIPRO and that her first visit would be in February 2005. As to the strengthening of IP offices/systems, she informed that a local IT company has been selected for capturing Trade Marks Registry data. Another important activity under this component, during this year is the Expert Mission on Geographical Indications to be conducted end of March beginning of April 2005. The remaining activities in the workplan for component 3 are being coordinated and sequenced between WIPO and MINCOM including a

study visit of relevant officials to regional “Integrated IP offices.” The Chairman of the PSC underscored the importance that the EC attaches to IPRs and emphasized that this component should be given due priority in the overall objectives of the project.

9. Setting up of PIPRO was also discussed and Joint Secretary of the Ministry of Industries suggested training of Patent Office officials to build their capacity until PIPRO is fully functional. The Deputy Chief Economist of the Ministry of Industries said that as and when PIPRO is established, the likelihood is that most of the relevant officials in various ministries will be merged into it. Therefore training of these officials in IPR-related issues at this stage will be in line with their future assignment. MINFAL suggested a training programme on GI’s to be designed for the officers of MINFAL. The Joint Secretary, WTO Wing, MINCOM endorsed the idea and proposed trainings for all representative offices of IP in various ministries to build their capacity. He defined the role of PIPRO as a guide to set the overall direction and to eventually encompass all IP-related work under one umbrella.
10. The Sr. Industrial Development Officer of UNIDO, Mr. Lalith Goonatilake was asked to present a summary of activities under Component 2 being implemented by UNIDO. Accordingly, he elaborated the objectives and purpose of trade capacity building under this component that has the mandate of strengthening infrastructure and quality control of the partner organizations. He said that capacity building and trade competitiveness is possible through strengthening of the Pakistan Standards and Quality Control Authority (PSQCA), the Pakistan National Accreditation Council (PNAC) and the National Physical and Standards Laboratory (NPSL). These three are the key partner institutions dealing with standards, accreditation and metrology. Building and institutionalizing public/private consultative mechanisms were discussed and the benefits to TRTA in general and Component 2 in particular were highlighted. In the discussion following the presentation of Mr. Goonatilake, it was pointed out by the official of Ministry of Industries that export figures should do not be used to prioritize traditional sectors but, rather, their potential for development must be taken into account. He suggested the selection of engineering and sports goods, two non-traditional sectors, which would develop as important export sectors in future. Mr. Steffen Kaeser, Industrial Development Officer, UNIDO, pointed out that the potential of sectors for future development has been considered in the sector selection exercise as, for instance, the export of fish was small now but would increase in the next few years, and that UNIDO was strengthening the Marine Food Department Laboratories (MFD) in Karachi. The Chairman of PSC, H.E. Mr. Ilkka Uusitalo, Ambassador of Delegation of European Commission, commented that an inspection of the fish harbor was conducted recently and drastic measures would need to be taken by the Government for its improvement to promote fish exports. He, therefore, noted with satisfaction that UNIDO was strengthening the MFD Microbiology Testing Laboratory. Mr. Ali Qadir, Executive Coordinator of the Network, then made comments appreciating UNIDO for involving consumer associations and fielding an International Expert in Consumer Affairs and appointing an Associate National Expert in Consumer Affairs to enhance the participation of consumers in standardization work. Ms.

Decorzent, Economic Advisor, Delegation of the European Commission to Pakistan, commented that the consumer involvement in Pakistan needed further development as the country was far from being a consumer-oriented society. Mr. Shehryar Khan, Joint Technical Advisor, MOST, explained that consumers were already represented at various committees and Divisions of Standards Development Centre at PSQCA.

11. The Chief Technical Advisor (CTA) of UNIDO, Mr. Zawdu Felleke, presented an activity report for component 2. He explained that the focus of Component 2 was to address TBT/SPS requirements by first identifying the TBT/SPS constraints to trade and then engaging in improvement of standards services, strengthening of conformity assessment practices, accreditation of testing laboratories and development of measurement traceability. The task of identification of TBT/SPS constraints was to be achieved through the conduct of a survey on Barriers to Trade expected to be launched soon covering 150 companies in the priority sectors of agro-food processing, textile and leather. The result of the survey is to be discussed at a National Seminar to be organized in cooperation with FPCCI. The participants were also informed that during the reporting period, contacts were established by the project office with the Ministries of Industries, Agriculture and Science & Technology. Eight key Partner institutions were identified and engaged at the operational level on a regular basis. These included PSQCA, PNAC, PCSIR, PPD, PARC, NPSL, MFD and EAC.
12. The CTA continued his presentation by elaborating the support so far given to the partner institutions and explained that a total of four expert missions were fielded during the reporting period. Twelve Microbiology Testing laboratories were assessed in preparation for international accreditation. In this respect, the MFD Microbiology Testing Laboratory was rendered fully operational and is now targeted for international accreditation. Similarly, conceptual designs have been developed for up-gradation of NPSL metrology laboratories. In addition, three workshops/seminars were conducted in November/December 2004 following the missions of the International Experts. These included the Workshop on Quality Assurance in Microbiology Testing to be Accredited under ISO 17025 where 90 participants benefited, the National Seminar on Accreditation where 80 participants attended and the Stakeholders Forum on Participation of Consumer in Standardization where 25 representatives attended. The CTA then described the areas where further assistance would continue to be provided as per the Work Plan conceived under the TRTA Programme. The critical issues that need to be addressed in respect of each partner institution for successful achievement of expected results were highlighted. He pointed out that consumer participation in standards setting, comparative testing and market surveillance was of critical concern for development of a national quality culture and continuous quality improvement programmes benefiting also the export trade. He concluded his presentation by drawing attention to the National Quality Policy and Plan approved recently by the Government of Pakistan and pointed out its opportune timing in coinciding with the related activities of Component 2 and, hence, the need to strategize the TRTA programme of activities to have positive impact on the National Quality Policy and Plan.

13. The National Programme Coordinator informed that during 2005, key activities are: (a) training of government officials in Geneva and Brussels; (b) establishment of two WTO Reference Centres at LCCI in Lahore and WTO wing MINCOM in Islamabad; (c) sectoral studies of two to three export sectors; (d) a survey of services sectors in Pakistan to identify exportable services and the establishment of a services unit at the EPB in Karachi; and, (e) the development of a formal and structured consultative mechanism between the public and private sectors for enhanced dialogue and consultation on major trade-related issues under multilateral negotiations at the WTO. For the services work, the ITC representative highlighted that the work will be done in phases covering: (i) a services survey, (ii) training at EPB for the services unit, (iii) expanding training to service exporters and associations and, (iv) the development of a services strategy. On the consultative mechanism, it was agreed that the best practices followed in other countries of the world would be reviewed and used for the design of a model for Pakistan. In addition to these activities, the ITC and the NPC informed participants that some workshops and seminars are planned on Services and Agriculture during the year. The venues and content of these seminars will be decided in consultation with the MINCOM being the focal point of the project.
14. The Chief Technical Advisor (CTA) of UNIDO underlined that the TRTA interventions should be conceived as a partnership programme with the beneficiaries concerned. It was essential that TRTA inputs should be matched with own contributions in kind forthcoming from the local partner institutions and Government of Pakistan to bring success in delivery of the programme. The CTA highlighted that the timely fulfillment of commitments made by the partner institutions was equally critical to maintain the schedule of implementation envisaged in the TRTA programme. Staffing issues such as adequacy, competence and turnover needed to be addressed to ensure the prevalence of mechanism for effective absorption and internalization of project results. He also pointed out that efforts should be made to solicit the funding foreseen in the National Quality Policy and Plan towards continued execution of activities initiated under TRTA. In this connection, it was explained that guidance could be provided to concerned institutions on formulation of project proposals for funding of their technical operations.
15. Mr. Goonatilake informed the meeting that the strengthening of services of NPSL and accreditation of the chemical, microbiological, textile and leather laboratories would benefit not only the traditional sectors of textile, food and leather but all other sectors including the engineering and sports goods industries. Mr. Kaeser also emphasized that export figures of various sectors were taken into consideration before selection of sectors for strengthening under TRTA. He remarked that textiles had the greatest potential for export now and in the near future. Mr. Shehryar Khan commented that various sectors would be strengthening by the Government of Pakistan through the National Quality Policy and Plan.
16. The morning session ended with agreement to discuss the following two main issues for discussion in the afternoon:
 - selection of sector studies under components 1 and 2

- ideas and suggestions for developing the private-public consultation mechanism

B. Afternoon session

17. Informal discussions started on the sector studies envisaged under component 1 and sector assessment work to be conducted under component 2. As far as component 1 studies are concerned, the studies aim to assess the implications of WTO agreements for the sector chosen, thereby providing input for the related negotiations. Three initial sectors have been chosen:

- (i) pharmaceutical sector and link to TRIPs
- (ii) automobiles and relevance to TRIMs
- (iii) textiles and link to NAMA

16. Although a consultation process has started for identification of these studies, it was agreed that more elaboration will be provided on the following:

- who will conduct the study?
- what is the purpose of each study?
- what is the main target audience?
- how will the consultation process take place?
- how will the study results be disseminated?
- how does the process of conducting the study dovetail with key dates in the WTO negotiation process?

18. Related to the abovementioned points, concerns were expressed by participants about the selection process of the sectoral studies. The representative of The Network and of MOST asked about the criterion for selection of sectors and who were consulted during the process. Moreover, he sought clarification on that the way the findings were to be disseminated and what will be the eventual use of these findings. The ITC clarified that the identification process was just starting and that such consultation with PSC members was key to help reach a final decision. ITC also informed PSC members of the initial criteria for the pre-selection of sectors, which are: (i) WTO impact on the sector, (ii) relevance to the Pakistani economy and, (iii) availability of sectoral expertise in ITC. [Here you need to include the clarification by UNIDO on their sector assessment studies- see your notes]

19. Based on these comments by PSC members, it was agreed that both UNIDO and ITC will provide a short paper to PSC members highlighting the following aspects on the sector studies:

- process for selection and criteria
- definition of study's objective and target audience
- process for dissemination of use of study results
- relevance to WTO negotiation process.

These two briefs will be circulated to PSC members before the end of February.

20. The second part of the discussion focused on the proposed consultative mechanism between the public and private sectors. PSC members were first invited to share their experience on such consultation mechanism. The Deputy Secretary, WTO Wing, MINCOM, said that an informal system is already in place and seems to be working well. It was felt that the project should aim at suggesting a formal structure for this consultation mechanism on trade-related issues in Pakistan. PSC members did mention the concern that not all stakeholders have first knowledge and information on what issues should be discussed in such consultative process. This information-raising element needs to be taken into consideration. Second, development of the consultative process should also be taken into account experiences and best practices from other countries. A system can then be suggested which is best suited to Pakistan's requirements and is workable.
21. Finally, the Ministries of Industries, Agriculture and Science & Technology, reiterated their desire to benefit from the training facilities under the project. They also wanted that their requirements be taken into account when finalizing the sectoral studies. It was decided that identification of sectoral study fields will be done in consultation with the ministries and a process will soon be set in motion to obtain the views and recommendations of the stakeholders in the project.
22. In closing the meeting, the Economic Advisor of the EC requested continued representation of the Project Steering Committee members in future meetings during the course of the project. She laid out the next steps that would be circulation of the minutes of the meeting, circulation of narrative reports for component 1, 2 and 3 and terms of reference for sectoral studies of component 1 (ITC) and sector assessment for component 2 (UNIDO). She also circulated the first publication of TRTA Newsletter and requested inputs from all the stakeholders of the project in its forthcoming quarterly editions. The month of September 2005 was proposed for the next PSC meeting.
23. A list of participants is attached to this report.

PARTICIPANTS LIST

**Project Steering Committee, EC TRTA Project in Pakistan
European Union, 10 February 2005**

H.E. Mr. Ilkka Uusitalo

Ambassador
Delegation of the European Commission to Pakistan

Ms. Mireille Perrin Decorzent

Economic Advisor
Delegation of the European Commission to Pakistan (EA-EC)

Ms. Eugenia Nuñez

Senior Trade Promotion Officer
Division of Technical Cooperation Coordination
International Trade Centre (UNCTAD/WTO)

Mr. Lalith Goonatillake

Senior Industrial Development Officer
Industrial Promotion & Technology Branch
United Nations Industrial Development Organization (UNIDO)

Mr. Steffen Kaeser

Industrial Development Officer
Industrial Promotion & Technology Branch
United Nations Industrial Development Organization (UNIDO)

Mr. Arif Ahmed Khan

National Project Coordinator
EC Trade Related Technical Assistance project
International Trade Centre (UNCTAD/WTO)

Mr. Usman Ahmed Khan

EC Trade Related Technical Assistance project
International Trade Centre (UNCTAD/WTO)

Mr. Zawdu Felleke

Chief Technical Advisor
EC Trade Related Technical Assistance project
United Nations Industrial Development Organization (UNIDO)

Mr. Syed Khaqan Hasan

National Project Coordinator
EC Trade Related Technical Assistance project
United Nations Industrial Development Organization (UNIDO)

Mr. Qasim Niaz
Joint Secretary
WTO Wing
Ministry of Commerce GOP (JS-WTO MINCOM)

Mr. Mian Asad Hayauddin
Deputy Secretary
WTO Wing
Ministry of Commerce GOP (DS-WTO MINCOM)

Mr. Sohail Mohammad Khan
Deputy Chief Economist Ministry of Food Agriculture & Livestock
Ministry of Food, Agriculture and Livestock (MINFAL)

Mr. Shehryar Khan
Joint Technical Advisor
Ministry of Science & Technology (MOST, GOP)

Mr. Fazal I. Qadir
Joint Secretary
Ministry of Industries & Special Initiatives, GOP

Mr. Mohammad Rafiq Qureshi
Deputy Director
Export Promotion Bureau (EPB) GOP

Mr. Ali Qadir
Executive Coordinator
THE NETWORK

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Annexes:

- Annex 1: TRTA Newsletter
- Annex 2: ITC presentation
- Annex 3: UNIDO presentation
- Annex 4: Workplan 2005, component 1
- Annex 5: Workplan 2005, component 2
- Annex 6: Workplan 2005, component 3
- Annex 7: pictures of meeting
- Annex 8: pictures of lunch session