

# Trade Related Technical Assistance (TRTA) Programme



## QUARTERLY NEWSLETTER



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### News Highlights

The first meeting of the TRTA Programme Steering Committee (PSC) is scheduled to take place on 10 February 2005 in Islamabad.

The objectives of the PSC meeting are:

To exchange views among relevant stakeholders and project partners on the past performance and future plans of the EC-TRTA project in Pakistan.

To gather overall policy guidance from the PSC members and adjust yearly plans as appropriate.

# FOSTERING PAKISTAN'S TRADE CAPACITY



The TRTA Programme is funded by the European Union

## Preface

*For the first time in Pakistan, the European Commission (EC) is implementing a comprehensive programme on trade capacity building. The Commissioner for External Relations, Mr. Chris Patten, and Mr. Humayun Akhtar Khan, Minister of Commerce, signed the agreement on 18 February 2004.*

*This program for Pakistan is part of the EC's overall commitment to make trade work for development. Already over the period 1996-2000, the European Commission dedicated 700 million in Trade-Related Assistance (TRA). Since the Doha Declaration in 2001, EC commitments for TRA increased significantly: between 2001 and 2004, the portfolio of trade related projects funded by the Commission covered more than 400 operations for a total amount of 2.9 billion. This makes the EC the single largest donor worldwide for trade-related assistance providing more than one third of total TRA commitments.*

*With the assistance of ITC, UNIDO and WIPO, we aim to implement the TRTA program by addressing the needs of Pakistani government officials involved in WTO negotiations and of the export community concerned by access to foreign markets, including European ones.*

*Investing in trade and development is not a fast track to economic success for the developing world, but we believe that, in combination with other sound policies, it does provide one of the most sustainable roads to stronger economic performance.*

*The TRTA Newsletter will provide you updated information on the TRTA program activities and its results up until its completion end of 2006. I do hope you will find it interesting and useful.*



**Ilkka Uusitalo**  
**Ambassador**  
**European Commission**

## About the TRTA Programme

Over the last decade, global trade has increased from less than US\$2 trillion in 1970 to more than US\$8 trillion today, largely due to liberalisation of regional and multilateral trade flows. In this context, negotiations at the World Trade Organisation (WTO) are key and have emphasised the role that trade can play for economic growth and poverty reduction. At the same time, it is important to recognise that the benefits of increased and freer trade are not equally distributed. Much more remains to be done to ensure that the potential of trade for development does materialise for the majority of developing and least developed countries.

The international community recognises these challenges and a number of commitments have been taken during the WTO Doha Ministerial Conference in 2000, and subsequently at the UN Conference on Financing for Development held in March 2002 and at the World Summit on Sustainable Development in September 2002.

Trade is now a priority of many donors' development policy, including that of the European Union. One of the major objectives is to support the integration of developing countries in the multilateral trading system.

Consistent with such priorities and EU policy, the European Commission pledged in February 2004 to grant Trade-Related Technical Assistance (TRTA) to Pakistan. The overall objective of the programme is to assist Pakistan in fostering its integration into the world economy and, ultimately, contributing to poverty alleviation through the achievement of trade-related conditions for sustained and stable economic growth.

The project consists of the following three components:

### Component 1

The International Trade Center (ITC) is implementing this component, which

focuses on creating awareness and building the necessary capacity in Pakistan to benefit fully from its participation in the WTO Agreements. Key target audiences are government officials, the business sector and civil society as a whole.

### Component 2

This component is implemented by the United Nations Industrial Development Organization (UNIDO) and focuses on the improvement of the quality, standards, metrology and testing infrastructure in the country. This will enable Pakistan to address challenges and requirements brought by WTO agreements in this field, as well as to increase the competitiveness of Pakistan's export industry.

### Component 3

The implementation of this component is handled by the World Intellectual Property Organization (WIPO) under subcontract from ITC, and focuses on intellectual property issues. Activities are aimed at strengthening the intellectual property rights (IPR) system in Pakistan and enhancing its capacity to use the intellectual property system for developmental goals.

The European Commission is providing 5.0 million towards the TRTA programme, with Government of Pakistan contributing 1.1 million in kind and other agencies (ITC, UNIDO and WIPO) providing 0.4 million.

ITC has been entrusted by the EC with the overall project coordination, monitoring and reporting. This is done through conference call, reports and workplan updates on a regular basis. The project was officially launched during ITC and UNIDO missions in 19 June 2004

## WTO Awareness - Component 1

In general, component 1 aims at raising awareness about the implications of WTO agreements on the economy of Pakistan. The target audiences are key government officials, the business sector and civil society as a whole. Activities planned include training of government officials, seminars on specific WTO related issues, establishment of three WTO Reference Centres, sectoral studies and research, capacity building among trade associations, production of practical guides for enterprises and enhancing the export potential of services and other key export sectors (e.g. textile, agro-food processing, leather).

ITC has put in place a local team in Islamabad. A National Programme Coordinator and a National Programme Associate have been appointed. The project office, located in the F-8/4 sector of Islamabad, is now functional. The Government of Pakistan and in particular the Ministry of Commerce, is fully cooperating by providing various support staff to assist in programme implementation.

The TRTA Programme made significant progress during the first four months:

In September 2004, an ITC expert visited Pakistan to assess the viability of establishing three WTO Reference Centres in Lahore, Karachi and Islamabad. The first of these three Reference Centres was established at the Export Promotion Bureau in Karachi in November 2004. A three-member team of experts from WTO and the ITC visited Karachi and, in addition from physically establishing the Reference Centre, conducted a training programme for end users from 23rd to 25th November 2004 at the EPB. About 30

participants representing the EPB, trade bodies and policy makers from government and the chambers of commerce attended.

In November 2004, the National Tariff Commission held a seminar in Islamabad (Nov.13 to 17) on Dispute Settlement



Participants of the Training Programme on the Information Reference Centre at EPB Karachi

Understanding. Two Experts were invited from the Legal Affairs Secretariat of the WTO who delivered lectures on the subject. The seminar was well attended by personnel from the relevant fields. About seventy people attended the seminar over five days representing Ministries of Commerce and Textiles, Central Board of Revenue, Law Division of GOP, Chartered Accountancy firms, exporters, law firms and academia.

In December 2004, a two-member joint mission of UNCTAD and ITC visited Pakistan and met with key stakeholders in Islamabad, Lahore and Karachi. Their visit was aimed at fine-tuning training programme for WTO awareness and capacity building of government and private sector officials. Training needs were assessed and a training programme was designed to best suits the needs of all counter parts concerned. Further developments based on the missions report are underway.

## Standardization and Conformity Assessment - Component 2

### Survey on Trade Barriers

Global trade has been recognized as being a major engine for economic development and growth. The main obstacles to a better participation in global supply and trade value chains constitute:

Lack of competitive supply capacities

Lack of proven conformity with market requirements

Marginalization of developing countries in the multilateral trading system

UNIDO is implementing a major component of the TRTA programme aimed at strengthening the capacity of Pakistan's export industry to comply with standards and conformity assessment requirements. This involves strengthening of metrology, standards, testing and quality (MSTQ) infrastructure. Hence, a survey is to be carried out to assess and identify the nature of trade barriers faced by Pakistani producers and exporters in accessing markets. The survey will be focused on the textile, apparel, leather, fish and agro-food processing sectors covering a total of 150 selected enterprises.

The survey is expected to be launched immediately following the award of the bid in early March 2005.

### Laboratory Assessment

The food testing laboratories in Pakistan need to be strengthened and oriented to serve the industry in meeting global competition arising from WTO agreements related to Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) requirements, by providing internationally acceptable test

reports. The test reports produced by laboratories can only become acceptable through international accreditation based on ISO 17025 requirements.



Participants of Workshop on Quality Assurance on Microbiology Testing Laboratories

The operational requirements in an ISO 17025 accredited laboratory involve a myriad of activities including controlling the environment, careful selection of test methods, scientific observations during testing and managing the equipment with close monitoring to generate valid analytical data, and the ability to provide historical evidence to prove that the laboratories have mastered the science and art of testing. This demands maintaining a well planned and documented quality system, strict record keeping and carrying out a variety of activities in addition to direct testing of the



Award of Certificates to Workshop participants by Secretary for Ministry of Science and Technology in the presence of EC Ambassador and UNIDO Officials



Up-graded Microbiology Testing Laboratory of Marine Fisheries Department, Karachi

samples to keep the laboratory operations under control.

A total number of twelve microbiology testing laboratories operating in Islamabad, Karachi and Lahore were assessed by an International Expert in Microbiology Testing. Some of these laboratories were provided with intensive technical advice on layout of laboratory space, installation of equipment, hands on training of technical operators and elaboration of quality documentation. It is expected that about 50% of the assessed laboratories may achieve international accreditation by the end of TRTA.

A Workshop on Quality Assurance in Microbiology Testing Laboratories to be Accredited under ISO 17025 was conducted for the benefit of 90 participants drawn from public and private sector institutions from Islamabad, Karachi and Lahore.

### Accreditation Support

Accreditation has become the mechanism of choice for the international acceptance of certificates and test reports on products to be sold in foreign markets. Foodstuffs, electrical goods, textiles and other products affecting health and safety, require some form of attestation by the exporting country or the manufacturer that they are safe.

In addition, industry leaders and government

policy makers should not overlook the benefits that accreditation can bring to the domestic market. The process itself brings technology transfer and upgrading of skills as technicians are exposed to world best practice and to the knowledge of technical experts in their particular field. Accreditation has the by product of bringing to Pakistan a general upgrading in its testing and measurement capability.

An International Expert in Accreditation visited Pakistan to review the institutional arrangement of the Pakistan National Accreditation Council (PNAC) and advise on strengthening of its operations.

At the conclusion of the expert mission, a one-day National Seminar on Accreditation was conducted, where a total number of 80



Participants of the National Seminar on Accreditation

participants attended from public and private sector institutions from Islamabad, Karachi,

## Support To Measurement Services

It is essential that Pakistan develops and maintains a range of national measurement capabilities to support its economic and industrial development process. In this connection, component 2 of TRTA envisages support for strengthening of the Pakistan National Physical and Standards Laboratory (NPSL).

An International Expert in Metrology was posted at NPSL, where an assessment of NPSL metrology laboratories was conducted and conceptual designs for environmental conditioning of these laboratories were developed. Support will continue to be provided to NPSL until upgradation of its metrology laboratories for mass, dimensional, pressure, temperature and humidity and electrical quantities is completed leading to accreditation and international traceability of measurement.

## Consumer Participation in Standardization and Comparative Testing

The importance of consumer participation in standards setting, comparative testing and market surveillance is of critical concern to ensure the availability of quality and safe products at affordable prices. The development of a quality culture and continuous quality improvement programmes



The UNIDO Expert highlighting role of consumers in standardization at stakeholders forum



Participants of the Stakeholders Forum on Consumers Affairs

to benefit the export trade could be effectively achieved, on a sustained basis, if driven by domestic consumer awareness and participation in national activities concerned with standardization and conformity assessment issues.

An International Expert on Consumer Affairs together with the Associate National Expert carried out an extensive needs assessment survey in terms of developing a consumer-based society in Pakistan. This mission included visiting the Pakistan Standards and Quality Control Authority (PSQCA) and other testing centers as well as consumer associations in Karachi and Islamabad, ministries and government departments. Credible consumer associations were identified as potential partners with government sectors to explore the relatively new concept of consumerism in Pakistan as envisaged in the TRTA programme. The training needs of identified consumer associations were determined and a work plan developed for their capacity building and strengthening to enable them to effectively participate in standards setting, product sampling and testing.

Subsequently, a Stakeholders Forum was held which brought together relevant partners and was engaged in developing a work plan for increased consumer participation in standardization and comparative testing.

## Intellectual Property Rights - Component 3

The Government of Pakistan is attaching great importance to fully using intellectual property (IP) instruments (patents, trademarks, geographical indications, copyright) to enhance innovation and strengthen competitiveness in international markets. Accordingly, a key component of the EC-Pakistan TRTA Project pertains to the modernization of the IP system in the country. This component is being implemented in cooperation with the World Intellectual Property Organization (WIPO), and seeks to address a number of areas identified by the Government as being of priority concern. These include a review of the IP policy and institutional framework, strengthening of the operations of the IP Offices, enhanced ability to use IP instruments for promoting trade and investment, and increasing awareness of IP amongst various target groups.

In the initial phase of the Project, the focus is on reviewing the policy and institutional aspects of the IP system, and addressing immediate needs of IP Offices. In regard to the former, a process has been initiated whereby a detailed audit shall be undertaken on the use of IP in different economic sectors. This will be complemented by consultations with a wide array of stakeholders (consumer associations, business groups, IP lawyers) on the desired elements of a national IP policy. The outcome of the audit and consultations shall form the basis of a working paper on a National IP Strategy which shall be prepared by a leading IP expert who has been engaged under the Project. This process will also result in a working paper on the functions and organization of the proposed single IP Office, i.e., the Pakistan Intellectual Property Rights Office (PIPPO).

To improve the functioning of the individual IP Offices immediate attention has been given to digitize the vast paper records of the Trademarks Registry (TMR). An information technology firm has been selected to scan over 100,000 documents and incorporate these into the automated databases of the TMR. This shall greatly enhance the quality and speed of the services provided by the TMR.

In addition, a number of other important activities are already in an advanced stage of planning. In the near future, roving workshops and consultations shall be organized on ways to protect designs in sectors such as textiles, jewellery and furniture. This shall especially benefit the many small and medium-sized enterprises that are active in these areas.

An expert mission shall shortly be fielded to assist in the drafting of legislation on geographical indications (GIs). This would be accompanied by building a database of potential products that may eventually be marketed under the GIs framework, thus allowing such products to capture premium prices in export markets.

The further strengthening of IP Offices will be sustained by arranging intensive training courses for examiners, commencing soon with a course for examiners of the TMR. This would enable the TMR to expedite its examination processes and offer quality results to its users.

Through this comprehensive range of activities, the IP component of the Project will assist the Government to modernize the IP system, and to leverage IP instruments to meet its economic and developmental objectives.

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