

## EU statement at the Trade Policy Review of Pakistan, 24/03/15

*Statement by EU Deputy Ambassador Detlev Brauns*

Mr. Chairman, we wish you success in your new position as the Chairman of this body.

I would like to welcome the Delegation of Pakistan led by Mr. Muhammad Shehzad Arbab, Secretary of Commerce. I would also like to thank the WTO Secretariat and the Pakistan Government for their reports which form the basis of our discussion today. Let me extend my appreciation to the Discussant, H.E. Dr. Abdolazeez S. AL-OTAIBI (Kingdom of Saudi Arabia) for getting us started today with his remarks.

Since its last review, Pakistan has been consolidating its transition to democracy. This has certainly been an asset in tackling the many significant economic, security and social development challenges Pakistan faces, in addition to recurrent and devastating natural disasters.

Pakistan is an important partner to the EU. In 2012, we jointly launched the 5-year Engagement Plan which offers a political framework for enhanced dialogue and cooperation across a wide range of areas including political cooperation, security, governance, human rights, migration, trade and energy. The EU will increase its development assistance to €635 million for the period 2014-20 to support rural development, education, the promotion of the rule of law,



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and good governance. These domains and activities to support stability and peace are also crucial factors contributing to an environment conducive to investment and business.

Trade plays an important role too. The EU is Pakistan's biggest export market, taking over 20% of Pakistan exports to the world. These exports consist mainly of textile and clothing, which reflects the fact that the textile sector is the backbone of Pakistan's industry. Within the EU's new Generalised Scheme of Preferences, which entered into force on 1 January 2014, Pakistan was granted the so-called "*GSP Plus*" regime related to sustainable development and good governance. "*GSP Plus*" offers duty free access to the EU market for a very large number of products, but is conditioned to the ratification and effective implementation of core international conventions on human and labour rights, environmental protection and good governance.

Pakistan is at the crossroads of South Asia, Central Asia, China and the Middle East and thus at the centre of markets with vast populations, diverse resources and untapped potential for trade. However, important economic reforms will be needed, in particular in the energy sector, and also in Pakistan's trade regime. In this respect, the EU welcomes the formulation of a Strategic Trade Policy Framework that will hopefully provide a more long-term, coherent and predictable trade and tax regime. The EU also acknowledges the positive attitude of Pakistan in the DDA negotiations.

The EU concurs with both the Government's and the Secretariat's report that the almost impenetrable web of concessions and preferences given through a multitude of Statutory Regulatory Orders (SROs) is in dire and urgent need of reform and rationalisation. Indeed, the SRO regime related to tariffs and taxes, which also introduces discrimination against imports – for example SRO 1125 related to leather goods and other products - is quite prevalent in the advanced questions submitted by the EU. The EU would be pleased to get a clearer understanding of the current situation regarding SROs and of the intentions of the government with regard to further reform.

Among several important issues that the EU has raised in its advanced questions, I would like to mention the following ones:

Import restrictions on bovine products. While the EU welcomes the steps taken by Pakistan to allow for imports of live animals from certain categories of countries, Pakistan's import regime is still far from being in line with relevant international standards. This is an issue of longstanding concern for the EU and we look forward to learn from Pakistan when it intends align itself fully with its obligations under the WTO.

Pakistan applies export duties and restrictions on a number of products and in particular those on hides/skins and molasses negatively affect EU producers. These export restrictions can also undermine the potential benefit of the “*GSP Plus*” regime. The EU would therefore like to know when these export restrictions will be removed.

Lastly, the EU welcomes that Pakistan has recently become an observer to the Government Procurement Agreement and hopes this bodes well for a future expansion of the GPA membership.

The EU has great expectations that this Trade Policy Review will be seized by Pakistan as a good opportunity to get feedback from the membership on the means to further develop trade for the benefits of its population. We wish Pakistan a very successful TPR.

Thank you.