



THE NEED FOR TRADE POLICY CAPACITY BUILDING FOR PAKISTAN



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Background

In order to contribute to poverty reduction and sustainable development in Pakistan, the European Union and the Government of Pakistan agreed upon the terms of a Financial Agreement in August, 2009. Accordingly, funding would be provided for the programme titled Trade Related Technical Assistance (TRTA II) programme which is implemented by the United Nations Industrial Development Organization (UNIDO) in collaboration with the International Trade Centre (ITC) and the World Intellectual Property Organization (WIPO).

The specific purpose of the programme is to support the economic integration of Pakistan into the global and regional economy and to stimulate employment and reduce poverty by increasing exports and enhancing the enabling climate for international trade. The TRTA II programme has three main components, where Component 1 is concerned with Trade Policy Capacity Building, and is implemented by the ITC.

The Financing Agreement stipulates that improved formulation and implementation of trade policy through enhanced capacity of the Ministry of Commerce (MoC) and improved participation of the private sector in this process are to be the expected results of the Component 1. Similarly, it identifies two broad activities for Component 1, which were further elaborated and refined during the Inception Phase preceding the implementation of the programme. They are:

Activity 1.1: Capacity building for the MoC and other ministries/agencies on specific trade topics and negotiation techniques through local training institutions.

Activity 1.2: Support to sector dialogue between Government, private sector and civil society on trade related issues and support to improve transparencies in trade and investment policies.

As such, stakeholders were consulted during the Inception Phase of the programme with the objective to design the programme interventions, review programme assumptions, feasibilities and finalise the implementation arrangements for the programme and propose a work plan of activities. Consultations held during the Inception phase with stakeholders and beneficiaries indicated that the expected results, whilst not changing in their nature, should be expressed in a way that better reflects precise needs. They are as follows:

Result for Component 1: Coherent trade policy and regulatory reform for export competitiveness

- The Pakistan Institute for Trade and Development (PITAD) institutional capacity is strengthened
- PITAD's and other research institutes' expertise on trade policy is strengthened
- Government officers' capacity on specific trade policy and international trade negotiations is strengthened
- Research studies contributing to the development of a national export strategy are conducted
- Public-private dialogue for a coherent national export strategy is fostered

The Inception Report was approved by the Programme Steering Committee, during a meeting held on 30 September 2010. With a view to carry out Component 1 activities successfully, it was ascertained during the consultations with the stakeholders to undertake a survey of government ministries and key line agencies to better understand their views on the following issues:

- Experiences of training on trade policy issues;
- Areas of trade policy which may require training, or additional focus than at present;

- Suggested areas of research on trade policy, and;
- The greater use of public-private dialogue (PPD) between government, business and civil society as a way in which to promote well-informed government trade policy design

Accordingly, a survey titled *The Need for trade Policy Capacity Building for Pakistan* was launched and conducted by ITC in collaboration with PITAD. A number of trade related federal government ministries and organisations were approached for their input on the abovementioned main issues and the response was very encouraging. Respondents conveyed valuable information which are, and will be continued to utilise to inform the planning of future Component 1 activities.

I. Experience of training on trade policy issues

The aim of this section is to determine:

- The effectiveness of the various ministries and departments in trade policy design and implementation and how they could be helped to improve their roles
- The availability of the trade related training opportunities
- Most desired training topics and way for which trainings could be imparted
- Views about domestic and foreign trainings

1. The effectiveness of the various ministries and departments in trade policy design and implementation and how they could be helped to improve their roles

Within Pakistan, there are numerous ministries and departments potentially involved in trade policy formulation and implementation. Whilst the MoC is responsible for the trade policy formulation, numerous other ministries and departments can be formally asked by the MoC to provide proposals for the Trade Policy, including, the Ministry of Industry and Production, Ministry of Food and Agriculture, Ministry of Finance, Ministry of Communications, Ministry of Science and Technology, and other 'relevant' trade related ministries.

In order to perform their roles effectively and efficiently in trade policy formulation, it is imperative that the trade related ministries are aware of their roles and the enablers (such as training) which can help them to play their part effectively. Accordingly the respondents were asked about the roles that their department/organisation is playing in the trade policy design and implementation and whether or not, they are satisfied with their involvement.

A large percentage of the respondents were completely or partially unaware of their roles in trade policy while some respondents were found unsatisfied with the current role that their department/organization was playing, and a few preferred not to respond.

Whilst a large majority of the respondents could not suggest any measure to further improve the role of their department/organization in the process; those who responded stressed the need for training on trade policy matters, inter-ministerial coordination for effective trade policy formulation and better participation in all stages of the process by all stakeholders.

With regard to the type of training to be employed, the respondents indicated the following most desirable types:

Table 1: Types of training by category

Type of training	Responses (% age)
By assisting in research on trade policy issues	22.6
Workshops / seminars	21.0
Short term courses (2-3 days)	12.9
Short term courses (1-2 weeks)	29.0
Online training courses	08.0
Collaborating with other organisations involved in trade policy	06.5

Respondents considered short term courses, assistance in research on trade policy issues and workshops/seminars to be the most desirable forms of career training.

The survey findings made clear that a large majority of the officials in the federal government agencies are not completely aware of the role of their organisations in trade policy nor do they know how to engage in the process. Most of the respondents, considered trade policy to relate only to the import and export of goods; completely ignoring the large opportunities in the services sector. Similarly they could not appreciate the cross cutting nature of various sectors where interventions in one sector has drastic effect on the other. The respondents could not flag the importance of policy research in gauging the expected impact of competing policy choices in order to select the best policy option. Respondents also did not bring up the need for greater inclusivity in trade policy design and participatory mechanism that involve all the stakeholders.

1.1. The importance of inclusivity in trade policy making

As made clear in an article by the Commonwealth Secretariat:¹

The remit of modern day trade policy is no more limited to the so-called 'border measures'. Also included in the purview of international trade agreements that provide the boundaries and framework for national policies in developing countries are issues related to national industrial, science and technology, investment, competition, education, health, and a host of other policies. And their impact can be felt by diverse stakeholder groups such as businesses, consumers, farmers, industrialists, innovators, labour, and women. Hence the need for multi-stakeholder consultations and inclusive trade policy-making and implementation processes.

Accordingly, national trade policy should not be viewed as the prerogative of a small group of technocrats only; it impacts a wide group of stakeholders and hence should be developed in consultation with all relevant stakeholders which can be divided into four broad groups. These are: i) government ministry primarily responsible for trade policy making and implementation; ii) other relevant government ministries and agencies; iii) private sector; and iv) civil society organisations (CSOs) including universities and research bodies.

¹ Kaukab, R. Inclusiveness of Trade Policy-Making: Challenges and Possible Responses for Better Stakeholder Participation, Commonwealth trade hot topics, Issue 70, February, 2010. Available at: <http://www.thecommonwealth.org/files/220621/FileName/THT70InclusivenessofTradePolicy-Making.pdf>

The need for inclusivity and a consultative mechanism is generally considered important for successful exporting countries. Successful exporting invariably depends on a constructive and mutually supportive relationship between governments and private sector. The experiences of many countries show that a country's trade and development interests only emerge through close interaction and learning between government, private sector and civil society

Greater collaboration between public authorities and the private sector can increase the opportunity for not only optimal trade policies, but also, and importantly their buy-in and understanding. Country experiences have shown that in a situation where different parts of the government dealing with some elements of trade has often done things disparately, rather than in an integrated manner, it has not been easy to fashion and implement a coherent "one-shop trade policy" to aid their export strategy. In other words, a trade policy framework bridges across government departments, public and private sector trade related programs, and economic trade operators to provide an over-arching set of prioritized objectives that is prepared in a holistic fashion, through the unison of all relevant stakeholders.

1.2. Typical feature of an inclusive and national owned trade policy

A reasonable approach is to identify the features of an inclusive and nationally owned trade policy rather than prescribe the exact contours and content of the policy. Accordingly, the features listed below are important for trade policy to be understood as inclusive and have national ownership:

- It should be based on the overall national development policy (coherence between development and trade policies);
- It should be supportive of and be supported by other government policies dealing with other sectors of the economy and broader society (coherence between trade and other socio-economic policies);
- It should balance the interests of all key stakeholders; for example, of exporters and importers, of producers and consumers, of farmers and manufacturers, and of urban and rural dwellers, etc. (inclusivity and balance);
- It should be in conformity with the commitments of the country under the World Trade Organisation (WTO) and other regional and bilateral agreements (harmony with international commitments); and
- It should have an appropriate implementation plan with the commitment of adequate resources (committing needed resources to implement plans).

The process of making trade policies will determine whether the above features of a nationally-owned policies are attained, which in turn determines the contents of the policy. Such a process will allow trade policies to be developed for the specific context of a country and with the widest possible buy-in from all key stakeholders, ensuring greater relevance and proper implementation of the policies.

As such, there is a genuine need to develop awareness among the government authorities about the role they can play in trade policy and the rationale for greater inclusivity. As will be explained in further detail below, part of the awareness raising is to be addressed under Component 1 of the TRTA II programme support for training institution to impart their knowledge to government officers, through improvement to regular training as well as additional short trainings and workshops/seminars on selected trade policy issues to build the capacity of government ministries and implementing organizations.

2. The availability of the trade related training opportunities

It is important for policy makers to be aware of the latest developments in international trading system. At the same time they should be properly equipped with the requisite skills and techniques to foresee trading opportunities and threats arising from changes in the national and international trading environment. These skills and capacity can be developed through continuous training of policy makers.

The responses regarding the availability of training opportunities indicated that the majority of organisations rarely benefit from trade related trainings whereas a vast majority had not experienced such opportunities in longer than a year period.

The paucity of training opportunities corresponds to the abovementioned lack of understanding of their potential role in trade policy formulation, and more generally to a lack of awareness about trade policy and regulatory reform. There is a need to enhance such opportunities across the board, as well as create a pool of trade related expertise in all the relevant government organisations.

Under the TRTAll programme, ITC has sought the assistance of the Switzerland based World Trade Institute (WTI), owing to its international reputation for excellence in the field on international trade regulation, to build the capacity of the PITAD and through PITAD the capacity of government ministries and trade related organizations is to be built. Through this “train the trainers” approach not only will officers receive a higher level of training according to international best standards, it is a more sustainable, since the institutional capacity of a local provider (PITAD) is built, rather than having to rely of external providers.

3. Type and topics on which trainings should be imparted

With a view to determine the most pressing and immediate trade policy issues on which training is required, the respondents were asked to choose a number of topics out of a given list and to provide additional topics if necessary. The topics, which were chosen for training along with the number of respondents recommending them, are as follows:

Table 2: Recommended topics for training

Topic for Training	Responses (% age)
Trade policy analysis	14.85
Export competitiveness	11.88
Regional integration	10.89
WTO multilateral negotiations	10.89
Trade in services	10.89
Trade and competition	08.91
Trade and investment	07.92
Trade and environment	05.94
Trade and poverty	05.94
Trade in agriculture	04.95
Other, please specify	
i. Trade and manufacturing quality standardization	0.99
ii. Export diversification and identification of new markets.	0.99
iii. Trade and SMEs	0.99
iv. Impact of trade policy from a gender perspective	0.99
v. Quantitative evaluation of trade policy/agreements	0.99
vi. Bioequivalence studies	0.99
vii. Doha Development Agenda focussing on negotiation in agriculture	0.99

According to the survey, 14.85% of the respondents preferred trade policy analysis, followed by export competitiveness (11.88%), and regional integration, trade in services and multilateral trade negotiation (10.89 % votes each). Trade and competition and trade and investment also got reasonable votes and should be considered while designing ad-hoc trainings to government officers.

The results of the survey would be utilised to inform areas in which PITAD should strengthen their core training modules as well as develop short training courses. Under Component 1, PITAD and other research institutes will benefit from training and technical assistance from the Switzerland based World Trade Institute so as to strengthen their training and research capabilities. As such it is considered that these institutes will be better placed to impart their knowledge to government officers in the relevant ministries and implementing agencies.

Component 1 also provides assistance to PITAD to provide short trainings to government officers on pressing trade issues (an identified need); with assistance from universities and other institutions.

4. Views about domestic and foreign trainings

Component 1 aims at improving the quality of domestic trainings through the transfer of requisite knowledge to the local institutions. Understanding that the process of knowledge transfer to local institutions and the fact that there is always scope for externally best sourced knowledge, the WTI is also to deliver videoconference lectures to a wide range to government and academic personnel. An analysis of the suggestions and comparisons of foreign and domestic trainings from those surveyed highlight that the following factors would improve domestic trainings:²

- Relevance of topic and contents of training to the trainee
- Training should address the needs of Pakistan
- Duration of training should be reasonable
- Courses need to be carefully designed so that one session progressively builds from the knowledge learnt in previous session
- Venue of the training within and among the cities should be carefully selected
- Localized foreign trainings including foreign experts and participants should be invited
- Effectively utilise modern training techniques, methodologies and equipment

II. Research on trade policy issues and regulatory reform

Whilst inclusivity in trade policy is fundamental, it is also the case that policy options need to be supported by concrete research and analysis. There is, no doubt, huge potential for international trade in Pakistan exists, but too few studies are undertaken so as to better understand, prepare and capitalize on exporting opportunities.

In order to redress this imbalance, a number of research studies will be commissioned so as to feed a series on nine PPDs. Moreover, the research conducted is intended to examine and evaluate alternate policy choices and provide plausible findings for the consideration of all the stakeholders, including government.

Accordingly, the stakeholders were asked to determine and prioritize areas of trade policy and domestic regulatory reform most in need of further research. The table in Annex II lists the numerous topics suggested by the respondents.

In their responses, the respondents covered a very diverse range of trade policy and domestic regulatory issues. A more simplified breakdown of the finding suggests that main areas for research are:

- Regional integration and strategy to benefit from trade with Central Asian Republics, China, India, etc
- Tariff policy for effective industrial growth and protection
- Enhancing export competitiveness with a focus on the agriculture sector and SMEs
- SPS/TBT/Certification and standardization requirements

² A detailed table summarising the most typical views given according to strengths, weaknesses and suggestions for improvement, for both types of trainings can be seen as Annex1.

- Effective use of trade defence laws
- Promotion of services exports including environmental services
- Market and product diversification
- Trade policy analysis for impact assessment and development of participatory approach in formulation and implementation
- Cross cutting issues including intellectual property rights, investment, competitiveness, etc.

The research topics proposed by the respondents are to be presented before the Public Private Dialogue Steering Committee (PPDSC) established under Component 1, which is to evaluate and decide the most pressing and suitable areas to conduct policy research and for the PPDs.

III. Public private dialogue for coherent trade policy design

The experiences of countries across the world show that successful exporting invariably depends on constructive collaboration between governments and private sector. Often it is businesses, as the traders, that are better placed to identify the barriers to exporting, and enabling factors for trade, than government. Beyond this, an effective PPD mechanism can create improved democratic decision making in trade policy design and implementation. Concerns have been raised, however, about a participation and engagement deficit of the Pakistani private sector (firms, business association, academics and civil society) on trade related issues.

To address the gap in public private consultation for trade policy formulation, activities have been designed to promote a more comprehensive, regular and well informed public private dialogue (PPD). Key in this approach is the formalization of a mechanism that promotes regular public-private engagement. For these purposes a Public Private Dialogue Steering Committee (PPDSC), comprising public and private sector representatives has been established with the formal approval of Ministry of Commerce (MoC). The PPDSC comprises of six members each from public (Federal Ministries) and the private sectors (Chambers of Commerce and Trade Association). Academia and research institutes are also represented in the Committee through the Director-General, Pakistan Institute of Trade and Development (PITAD) as co-chair of the Committee as well as one representative of Lahore University of Management Sciences (LUMS). The second co-chair of the Committee is the Additional Secretary, MoC.

The Committee is mandated to guide a series of PPDs as well as ensure necessary follow up with Government on trade policy issues. The PPDSC would also commission a number of research studies on selected trade policy issues which would feed into the PPDs as well as put forward consolidated policy recommendations to the Government of Pakistan.

So as to canvass the current views of the public sector stakeholders were requested to provide their input on the current state of PPD and its value for enabling coherent and holistic trade policy formulation, and the possible institutionalization of a PPD.

Participants views PPD in Pakistan

The table in Annex III details the responses received for both the need and effectiveness of recent PPD initiatives for informing government trade policy and regulatory decisions making.

The respondents were unanimous about the effectiveness and utility of PPD for the formulation of trade policy and regulatory reform. They flagged that such a mechanism, although weak, is available in one form or another and there is a need to further strengthen and develop the process. A summary of the main shortcomings of the process identified during the survey are:

- Lack of effective inter-ministerial consultation which result in a duplication of efforts
- The existence of weak PPD and a need for the identification of key stakeholders and their continuous participation in the process
- Inconsistencies in government policies characterised by a lack of short term and long term vision
- Arbitrary selection of policy choices and vested interests of the private sector
- Indoor policy formulation marred by a lack of transparency and unwillingness to utilise/convey the policy cycle process to the wider public (through, for example, dedicated web pages, media briefings).

Some recommendations

To address the abovementioned deficiencies there is need to:

- Undertake a mapping of the key stakeholders. Such an exercise would ensure the identification of relevant stakeholders and their continuous engagement in the cycle of trade policy formulation and regulatory reform. The database prepared would feature all the stakeholders at a macro, meso and mico level engaged in trade related activities in Pakistan. Key stakeholder would be notified for consultations on issues related to trade policy and regulatory reform.
- Institutionalise a transparent, well-informed and regular consultation mechanism among stakeholders on issues related to trade policy and regulatory reform. On the government side, the public sector ought to ensure political will and leadership to engage. There ought to be strong commitment and a conscious effort made by the political leadership and senior civil service officials to encourage consultative processes so as to invigorate their activities. In many cases it may be necessary to sensitize middle and lower level government officials as to the importance of engaging with the private sector. As the host, government must create a forum where robust dialogue and knowledge-sharing is supported. Dedicated experts from both the public and the private sector ought to drive the dialogue, promoting the concept, devoting time and effort in it, and giving PPD credibility, expertise and publicity. Devoid of both public and private champions investing in and driving the process, it is difficult to maintain PPD and achieve reforms.
- Reinforce and support the dialogue by concrete research, scoping and assessing various policy choices to avoid arbitrary decision making.
- Properly capture the outcome of such dialogues/consultations and to make that available to the stakeholders and interested parties and available participants through electronic medium to ensure greater transparency

Proposed topics for PPDs

The respondents and stakeholders of the survey were also asked to suggest possible topics for the before mentioned nine PPDs (2011 -2014) so that the most pressing and immediate issues could be highlighted and addressed. The suggested topics for the PPD are presented in Annex IV.

The most important sectoral and thematic areas are as follows:

- Technology up-grading and planning for export competitiveness
- Development and export of branded products
- Development of joint ventures
- Regional integration; benefitting from the FTAs signed by Pakistan
- Multilateral negotiations at the WTO, policy options and strategies for Pakistan
- Development of regional infrastructure and cross border connectivity
- Trade in agriculture and agro based industries
- Trade in services including environmental goods and services
- Value chain management and export of value added products
- Problems and prospects for enhancing exports from SMEs

The large number of topics suggested for PPDs by the respondents highlights the need to concentrate on PPDs and to develop this process for a coherent trade policy design. Component 1 plans to develop and promote a regular consultative mechanism, supported by concrete policy research on trade policy issues, among all the stake holders including public sector, private sector and civil society.

During the first PPDS meeting held in April, 2011, participants selected regional integration and trade in services for the first to PPDs to be held in 2011. Participants also hailed the process of PPDs and stressed the need for a greater stakeholder participation in the process. For more information on Component PPD's and the role of the steering committee, please visit <http://trtapakistan.org/>

IV. Conclusion

The survey identified:

- i. Key issues concerning the training needs of the policy makers,
- ii. Weaknesses of the domestic trainings and how domestic trainings can be improved,
- iii. Identification of the research and PPD priorities for coherent trade policy design and implementation.

These issues have been thoroughly discussed and analysed in the preceding sections to draw workable recommendations. Component 1 has already and will continue to take into consideration the findings of the survey.

The following table summarises the key findings of the survey along with recommendations and how Component 1 interventions can assist in addressing those issues:

Summary of the key findings, recommendations and programme interventions

Section	Key Findings	Recommendations	Programme Interventions
The effectiveness of various ministries and departments in trade policy design and implementation	<p>A large number of respondents were completely or partially not aware of their potential role in trade policy</p> <p>Some respondents were not satisfied with the roles their organizations were playing in trade policy</p>	<p>Trainings on trade policy issues and the effective roles of various organizations be imparted</p> <p>Inter-ministerial coordination for trade policy should be improved</p> <p>Enhanced participation of all stake holders in all stages of trade policy should be ensured</p>	<p>Institutional capacity building and transfer of international expertise to local training and research organization</p> <p>Development of partnerships among local organizations for training and research on trade policy issues</p> <p>Organization of short/ad-hoc trainings for Pakistani policy makers</p>
The availability of the trade related training opportunities	<p>Most of the respondents have not benefitted from trade related trainings. Those that have, have received only limited trainings and not with the last year period.</p>	<p>Local expertise on trade related issues should be developed to provide trainings to a large number of public sector stakeholders at a relatively less cost</p>	<p>Assist local training and research organizations to develop expertise on trade related issues and its teaching. Disseminate knowledge acquired to a large number of stakeholders through holding regular and short trainings/seminars.</p>
Types and topics on which training should be imparted	<p>Short term courses, assistance in research on trade policy issues and workshops/ seminars were considered the most desirable types of trainings</p> <p>Trade policy analysis, export competitiveness, regional integration, trade in services and multilateral trade negotiations were the most preferred topics for trainings. Trade and competition and trade and investment also got reasonable preference</p>	<p>Short trainings should be arranged on the following issues:</p> <ul style="list-style-type: none"> - Trade policy analysis - Export competitiveness - Regional Integration - Trade in Services - Trade negotiations (Multilateral, regional and bilateral) 	<p>The current PITAD trainings are to be enriched under international mentorship which would strengthen the capacity of government functionaries. These include:</p> <ul style="list-style-type: none"> - Specialized training programme - Orientation training for ministry of foreign affairs diplomats - Short training for commercial officers designate <p>A number of master trainees are to be trained under international mentoring on specific trade policy issues (train the trainers approach)</p> <p>Ad-hoc trainings on specific trade policy issues are planned</p>
Views about domestic and foreign trainings	<p>Foreign trainings are preferred to domestic trainings for many reasons, including relevance of topic, utilization of modern technology, design of training and international environment away from office etc.</p>	<p>The following are considered necessary to improve domestic trainings:</p> <ul style="list-style-type: none"> - Relevance of topic and contents of training to the trainee - Training should address the needs of Pakistan - Duration of training should be reasonable 	<p>Component 1 aims at improving the quality of domestic trainings through the transfer of requisite knowledge to the local institutions.</p> <p>WTI would not only build the capacity of local institutions but is to also participate through videoconference to impart lectures to the participants on</p>

		<ul style="list-style-type: none"> - Course need to be carefully designed so that one session progressively builds from knowledge learnt in previous session - Venue of the training within and among the cities should be carefully selected - Localized foreign trainings including foreign experts and participants should be invited - Effectively utilise modern training techniques, methodologies and equipment 	<p>trade issues</p> <p>Modern technical resource equipment (video-conference facilities, etc.) will be provided to PITAD</p>
<p>Research on trade policy issues and regulatory reform</p>	<p>The need to build the capacity and conduct policy research on trade policy issues was highlighted.</p> <p>Respondents suggested a number of topics to carry out policy research.</p>	<p>The following are the main areas for research:</p> <ul style="list-style-type: none"> - Regional integration and strategy to benefit from trade with Central Asian Republics, China, India etc - Tariff policy for effective industrial growth and protection - Enhancing export competitiveness with a focus on the agriculture sector and SMEs - SPS/TBT/Certification and standardization requirements - Effective use of trade defence laws - Promotion of services exports including environmental services - Market and product diversification - Trade policy analysis for impact assessment and development of participatory approach in formulation and implementation - Cross cutting issues including intellectual property rights, investment, competitiveness, etc. 	<p>It is envisaged to conduct a number of research studies on key trade policy issues to feed into the public private dialogue to be conducted under result area v. The research thus conducted would examine and evaluate alternate policy choices and provide plausible findings for the consideration of all the stakeholders including government.</p>
<p>Public private dialogue for coherent trade policy</p>	<ul style="list-style-type: none"> - PPDs are useful and need to be developed - The existing dialogue process is weak and 	<ul style="list-style-type: none"> - Undertake mapping of the key stakeholders. - Institutionalise a transparent, well informed and regular consultation 	<p>PPDSC has been established to steer the process of PPDs. 9PPDs would be organized in various cities of Pakistan on specific trade policy issues</p>

	<p>unsystematic</p> <ul style="list-style-type: none"> - Lack of effective inter-ministerial consultation which result in duplication of efforts - Identification of key stakeholders and their continuous participation in the process is required - Inconsistencies in government policies characterised by lack of short term and long term vision - Arbitrary selection of policy choices and vested interest of the private sector - Indoor policy formulation marred by a lack of transparency 	<p>mechanism among stakeholders on issues related to trade policy and regulatory reform.</p> <ul style="list-style-type: none"> - The dialogue should be reinforced and supported by concrete research, scoping and assessing various policy choices. - The outcome of such dialogues/consultations should be properly captured and made available to the stakeholders and interested parties and available participants through electronic medium to ensure greater transparency 	<p>Research studies would be commissioned to feed into those PPDs</p> <p>Mapping of the relevant stakeholders including public sector ministries and departments, private sector and civil society organizations (NGOs, independent research organizations, INGOs etc) would be undertaken for participation in PPDs.</p> <p>Outcome/recommendations of the PPDs would be properly captured and disseminated to all the stakeholders including government</p>
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Annex1: Comparison between domestic and foreign trainings

Domestic Training	
Strengths	<ul style="list-style-type: none"> - Less costly - Large number of participants can be accommodated - Trade related tools and techniques could be applied to local environment - The issues/challenges are analyzed in local context
Weaknesses	<ul style="list-style-type: none"> - Lack of local experts to teach foreign training programs adapted to the local context - Low attendance/distraction due to pressing official engagements - Immediate necessity and value of training questioned
Suggestions for Improvement	<ul style="list-style-type: none"> - Targeted topics to assist individuals working in specific areas - Effective utilisation of gradual levels of learning. Each session should take learning/knowledge of a specific topic to a new level, thus motivating further participation - Use of focussed training groups targeting a select number of individuals expected to work and contribute in the area of domestic and international trade for an appropriate duration - Use of incentives for participation, such as 'best participant award' or payment to attend further training abroad - Greater capacity to carryout trainings in major cities rather than having to invite people from all parts of the country - The venues should be carefully selected, with less disturbance and distraction and an appropriate distance from the work offices to avoid interference - Through inviting international experts to participate in training - The duration of the domestic courses needs to be sufficiently long and utilise expert trainers and have the necessary technical equipment - Training should be followed by exam; to test the trainer and trainee - Selection of both the trainers and trainees should be based on merit, i.e., relevance of the training to job assignment of the trainee - Payment of daily allowances to the participants - Make the course contents more relevant to Pakistan - Modern training methodologies utilised, such as effective utilisation of case studies - Utilise foreign guest trainers / lecturers - Selecting organizational needs based foreign trainings
Foreign trainings	
Strengths	<ul style="list-style-type: none"> - The training environment adds definitive credibility and strength to training. Sometimes the background setting is crucial in imparting the real essence of the subject like the WTO in-house trainings. - More scope for involvement and interaction at a broader level and a platform for networking with likeminded individuals sharing the same areas of interest - Reputable institution offer prestige element that is recognized on a wider scale - Better course topics , trainers, simulations and an opportunity to learn from the experiences of other trainees from entirely different background. - Are in tune with the latest development taking place in the trade related area - Expose trainees to the international standards and lift their benchmarks - Provide an opportunity to share knowledge and experiences with trainees from diverse countries

Weaknesses	<ul style="list-style-type: none">- Favourites tend to get nominated for trainings. Many times, irrelevant person ends up in a training session thus wasting precious resources. It also defeats the purpose of training if it is not going to be utilized as expected.- People have genuine constraints, both professional and personal, on leaving for long term trainings abroad. So, it is to the trainers and the participant's advantage if the training is targeted, short and meaningful- More expensive
Suggestions for Improvement	<ul style="list-style-type: none">- Should be targeted at a select team/pool of individuals expected to work and contribute in the area of domestic and international trade for an appropriate duration- An integral clause, or conditionality, should be attached to all foreign trainings ensuring that the selected individuals will serve in the related department for a stipulated minimum duration- Selection criteria should be established on the basis of past work experience and future expected profile. This will add transparency and credibility to the process and ensure substantive gains- Participants should not be discouraged for already having acquired foreign training. There should be focused rotation of individuals and follow up trainings should be offered in different countries for more exposure and wider interaction- Should be short to reduce costs and to take into account convenience of participants

Annex II: Proposed Research Topics

S/no	Proposed Research Topics
01	Positive List Plus trade with India– Most Favoured Nation status
02	Regulations / Conditionality-- where they become effective non-tariff measures
03	Trade with Central Asian States – via regional transit routes
04	Reconstruction Opportunity Zones) as proposed along the Afghan border – trade with a component of development
05	Special economic zones and export clusters along China’s western border (Pakistan’s role as being the ‘trade corridor’ for China’s western region)
06	International trade and environment; cleaner production
07	Trade liberalization and SME development
08	Intellectual property rights (IPR) and exports
09	Inter-sectoral impact of tariff reduction and export restrictive measures
10	Sanitary and Phytosanitary measures and its impact on agri exports
11	Need for applying antidumping duties on cheap imports from other countries
12	Broadening the base of investment/export
13	Supply chain management. Creating market access for investors/exporters
14	International trade agreements and how they are implemented
15	Diversifying investment/exports from traditional to non-traditional markets
16	Implementation of IPR/environment/ research and development
17	The need for standardization and certification issues to be promoted and Industry to be facilitated on same
18	The cost of protection to consumers and national economy
19	The recent benefits of freer trade in agriculture, with a particular focus on to rice and cotton
20	Trade and environment
21	Import and handling of waste, which ultimately causes pollution
22	Management and regulation of Multilateral Environmental Agreements
23	Promotion of environmental services sector
24	Development of management information system in the country
25	Analysis of the regulatory frame work of Pakistan for cost of doing business
26	Gender impact analysis of trade policies
27	Issues/challenges of women entrepreneurs
28	Opportunities available to women entrepreneurs and their share in overall trade
29	Trade liberalization and poverty alleviation
30	Export of services
31	Agriculture sector trade
32	Enhancing export competitiveness
33	Increasing total factor productivity
34	Analysis on ways to effectively protect/promote local industry
35	Analysis on the effectiveness of Pakistan’s previous Strategic Trade Policy Framework for export competitiveness, with a view to providing recommendations for the next policy
36	Value addition comparison of “Trade in Goods” and “Trade in Services” to make a

	balanced policy
37	Challenges for promoting effective public-private dialogue in Pakistan
38	Under valuation of imports
39	
40	Designing a trade policy for growth and development
41	How to involve the SMEs and microenterprises stakeholders in trade policy
42	Establishing linkages between trade policy and poverty reduction
43	Presence of pharmacists at air port to stop pharmaceutical smuggling
44	
45	Analysis of subsidy for enabling firms to export
46	Sector development of pharmaceuticals
47	Regional integration
480	Inter departmental liaison at provincial and federal level for trade policy
49	Active involvement of private sector in all phases of trade policy initiatives from policy making to evaluation
50	Analysis of trade policy after implementation by all stakeholders
51	Trade policy initiatives and their implementation
52	Effective trade policy for services exports
53	Regulatory powers may be given to implementing authority
54	The trade policy, trade related performance of Pakistan measured from a human development perspective
55	Research and development support should be used as a real skill development and improving competitiveness
56	Compliance to International Standards / Certifications
57	Trade liberalization should accompany institutional development in at least five non-market areas: institutions of conflict resolution; institutions of macro-economic stability; institutions of social protection and insurance; institutions of property rights; institutions of regulatory importance

Annex III: The need and effectiveness of PPD for informing government trade policy and decision making³

Participants generally considered that although trade policy to be formulated after rigorous public private dialogue, this exercise is largely fragmented due to a lack of inter ministerial coordination. It is seen that same issues are taken up on multiple fora which leads to duplication of work and lack of concerted output. Some corrective measures suggested were to:

- Attract opinions from targeted industrial and trade representatives, relevant ministries and then keep such actors informed throughout the entire process of policy formulation
- Make government trade policies more widely accessible. This can be done, for example, by presenting the draft policies on the Ministry of Commerce website for wider input
- Improved dialogue between the government and private sector concerning the outcome of their policy proposal- including reasons why they were accepted, rejected or modified in the final trade policy. Reasons for rejection to be discussed to enhance confidence building between the two stakeholders

The utilisation of PPDs has been successful to some extent in informing government trade policy. The main restrictive factors have been:

- The divergent focus of government and industry, in which the former generally considers long term interest, whilst the latter is plagued by short-term narrow business interest Short-sightedness. Returns on business advocacy in trade policy have to be considered in a long-term perspective, whereas industry leaders in Pakistan have a shorter decision horizon.
- Inconsistency in government policies where priorities are changed very quickly.

The Ministry of Industries and Production's, Engineering Development Board utilises public-private consultative workshop and annual advisory meetings to inform policy recommendations that are subsequently forwarded to the MOC. The implementation of recommendations is advanced through frequent follow up meetings with MOC Chambers of commerce and business associations have regular informal meetings with the MoC's Minister and lower ranking officers

On the one hand, utilisation of public-private consultations has increased both exports and revenue for the government. Consultations have created an atmosphere of cooperation between government and private sector. On the other hand, the balance seems tilted to private sector, as the regulations became softer and modified whenever the private sector desired. This resulted in import of sub-standard, waste and even hazardous waste.

PPD has been increasingly utilised. To improve the process there is a need to concentrate on identifying the key stakeholders and ensuring their participation on regular basis

PPD has been successful for informing government trade policy and regulatory decision making. Not only has it helped to bridge the gap between key stakeholders but it would also pave the way for joint problem solving

PPDs have been quite useful in informing government decision making for trade policy, since most trade policies cover all the major proposals put forth by the business community.

In terms of informing decision-making for regulatory reform (i.e. creating a domestic enabling environment for conducive to business) it has underutilised.

Stakeholders should be informed of the developments in the trade policy formulation cycle.

There should be a well structured trade policy formulation process and involvement of the private sector

Indoor policy formulation is major restrictive factor and media should also be invited during the process to engage all the chambers and trade associations

³ Responses have been edited to clarify meaning

PPD is very important factor in the process of formulation of policy- in particular, so as to highlight the real issues and the strategy to improve the situation.

However, there need to be increased buy-in from the MOC and other relevant ministries about the possible virtues of involving the private sector in the process of policy formulation A

Yes, sometimes there are very good and positive suggestions from the private sector. However, suggestions are certainly made in self interest, not national interest.

Trade policy making is all about stakeholders' dialogue before and after drafting the policy and it is being done quite effectively. However, during the implementation stage any new initiative by some other department/division that might have effect on the industry is not properly conveyed and discussed. This usually causes problems in long run as the policy options are arbitrarily selected or are selected without gauging the future implications. As proposed, the institutionalisation of PPDs may yield desired results.

PPD has enabled for elicit input/response from the stakeholders but at the same time vested interests have tried to dominate/capture such dialogue.

All stakeholders should be actively engaged in all phases of the trade policy cycle, i.e. formulation, implementation, analysis and evaluation.

Enabling:

- Trust building
- Involvement of private sector in decision making
- Problem identification and consultative analysis Restrictive
- Conflicting interest between different sectors and departments
- Resistance by private sector
- Possible way forward
- A public-private dialogue mechanism that bridges divides among ministries and the private sector

Annex IV: Proposed topics for Public Private Dialogue

Table6: Topics for Public Private Dialogue
Requirements of specific industrial sectors for improving their productive capacity through effective amendments in trade and industrial policy
Measures to support fast growth of emerging industrial sectors
Methodologies to improve standards and up gradation of technology in potential sectors
Labour training and skill enhancement in specified sectors with export potential
Dialogue to spread awareness of the WTO regime and regional trade integration with a view to prepare the industry for tariff rationalization as well as benefit from enhanced market access through export competitiveness and growth
Sector wide long term approaches for development anchored in trade.
Bridging the gap between private sector and public sector; developing mutual trust.
Specialized industrialization
Growth of value added enterprises
Implementation of International trade agreements
R&D on supply chain management
Facilitation of industry in market access, preparation of business plans, export pricing, acquisition of product and system certifications etc
Opportunities from Trade and Environment
Opportunities from Trade and Climate Change
Opportunities from Trade in Environmental Good and Services (EGS)
Opportunities from Trade in Ecological Services
Opportunities from Tariff/Taxation of EGS
Obligations under various MEAs
Trade and competitiveness
Technology and competitiveness
The process of the formulation of the Trade Policies, review of the previous one and qualitative and quantitative targets achieve in the pursuance of the polices may be discussed in the future PPDs.
Major Challenges faced by the policy makers
Role of SMEs in promotion of exports
Issues and Challenges of Women enterprises
WTO and gender issues
Trade in Agriculture
Trade in services
Branded Products
Joint ventures with foreign investors
Briefing on international and national scenario and current prime matters to be addressed in trade policy
Sector specific "Offensive and Defensive Interest"
Input on strategic plans to align the trade policy objectives
Proposals from the sector on Government strategy backed by logic/supporting quantitative analysis (Just like that of Engineering Development Boards' "Budget Proposal Exercise"
Export of Pharmaceuticals to European Countries
Improvement in regional infrastructure
Cross border connectivity

Seamless Pakistan
Trade Policy Formulation Procedure
Country Comparison of Specific Product competitors
Subsidies
Agro Based Industries
Research and Analysis
Case Studies / Success Stories
Regional integration
WTO & multilateral negotiations