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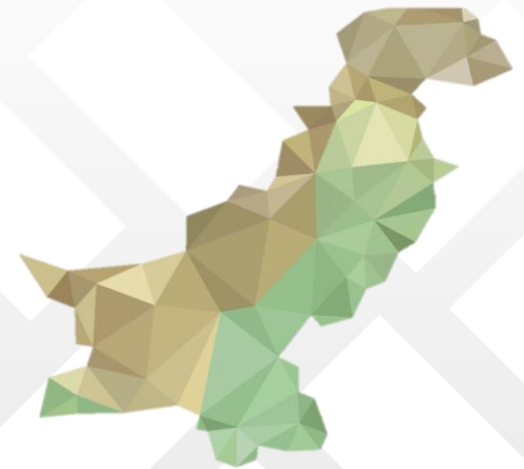
# Experiences of Pakistani Exporters with Non-Tariff Measures

NTM Business Survey in Pakistan 2019

**#PIDEwebinar**

Samidh Shrestha

Analyst, Trade and Market Intelligence  
International Trade Centre



# What are non-tariff measures (NTMs)?



**Official policy measures on export and import, other than ordinary customs tariffs**, than can potentially have an effect on international trade in goods, changing quantities traded, or prices or both.

**Mandatory requirements, rules or regulations** legally set by the national authorities of the exporting, importing or transit country (in contrast to private standards which are not legally set)

**Can affect both export and import**

Include technical measures and standards, as well as regulations on customs procedures, para-tariff measures, financial measures, prohibition, etc.

# NTM Business Survey in Pakistan: The Big Picture

## Pakistan Trade And Investment Policy Program



GOVERNMENT OF PAKISTAN  
MINISTRY OF COMMERCE



Australian Government  
Department of Foreign Affairs and Trade



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### Strategic Trade Policy Framework (STPF)

Gender

Export  
Competitive-  
ness

Investment

Transit  
Trade

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Survey on NTMs

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Addressing non-tariff measures to promote Pakistan's textile sector




Rabia Manzoor  
Vaqar Ahmed  
Asif Javed

ASIA-PACIFIC RESEARCH AND TRAINING NETWORK ON TRADE

**Working Paper**  
NO. 189 | 2020

PIDE Blog

Home Blog Submissions

2 WEEKS AGO

**Barriers to Trade in the ECO Region: A Case of Non-Tariff Measures (NTMs)**

1 VIEWS: 322

By Mr. Adnan Akram and Dr. Usman Ahmad

**Introduction**






Non-tariff measures (NTMs) are policy measures other than tariffs that might impact international trade. Most NTMs serve legitimate policy goals. For example, by assuring limits on pesticides use ensures safe food to increase the welfare of the consumers. However, NTMs increase cost of trade as trading firms have to bear the compliance costs. Therefore, these measures act as impediments to the free flow of goods and services. A showcase of data for the ECO region on NTMs yields some interesting insights.

**NTMs in South Asia: Assessment and Analysis**




**INVISIBLE BARRIERS TO TRADE**

**Pakistan: Business perspectives**

International Trade Centre

In collaboration with THE WORLD BANK

Supported by Australian Aid



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# Types of cross-country NTM data



## SPS & TBT Notifications



## Regulatory Mapping



## Business Survey

*Type*

New regulations (to be) introduced by countries

Mapping of national trade-related regulations

Company perspective on burdensome regulations

*Coverage*

SPS / TBT

All regulations for export or import of goods

Burdensome NTMs

*Additional info*

- Not possible to identify which NTMs are difficult (for traders).
- Covers only new regulations
- Some countries may not notify

- Not possible to identify which NTMs are difficult

- Companies may not have full understanding of the NTMs.
- Other factors may play a role

*Managed by*

WTO, ITC, UN DESA

ITC, UNCTAD, World Bank

ITC

*Available at*

[tbtims.wto.org](http://tbtims.wto.org)  
[spsims.wto.org](http://spsims.wto.org)  
[www.epingalert.org](http://www.epingalert.org)

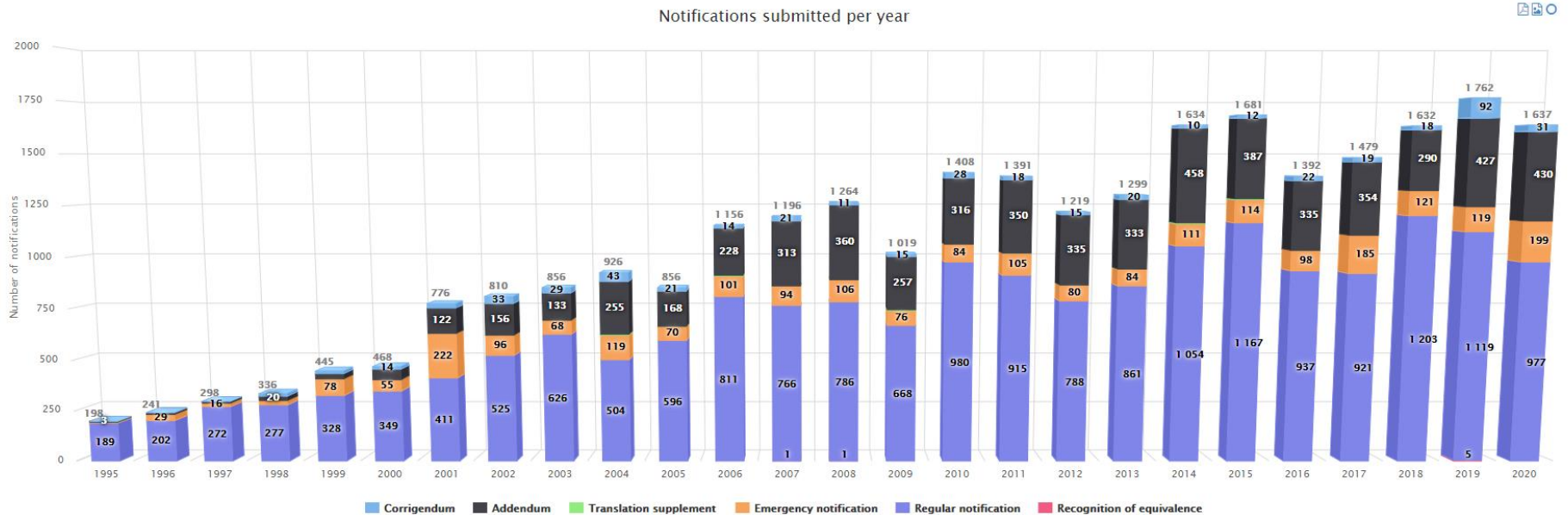
[www.macmap.org](http://www.macmap.org)

[www.ntmsurvey.org](http://www.ntmsurvey.org)

# SANITARY AND PHYTOSANITARY INFORMATION MANAGEMENT SYSTEM

## Notifications submitted per year

Export charts as ▾



# NTM Business Surveys in numbers



**33,572**

Phone Interviews

**10,133**

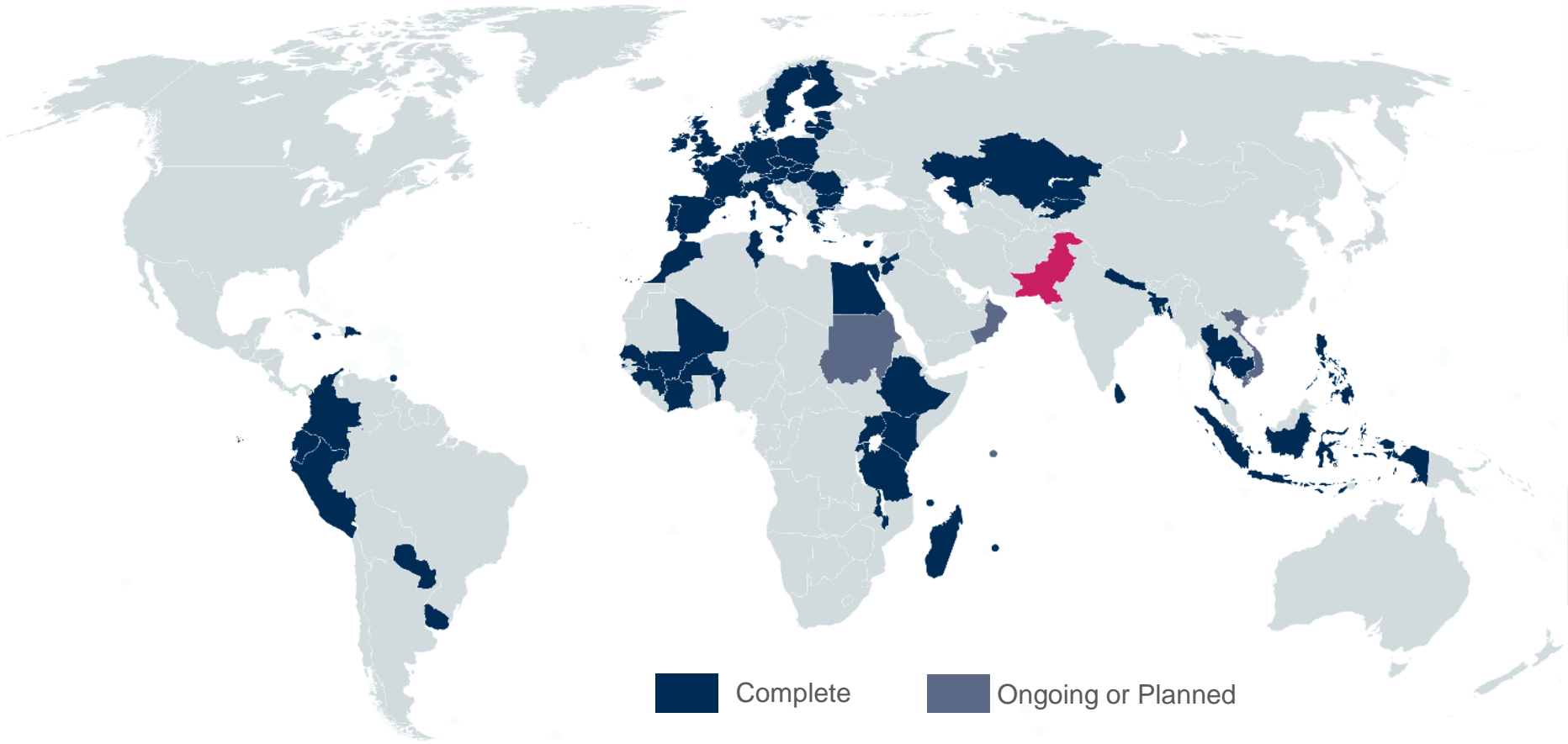
Face-to-face interviews



**70**

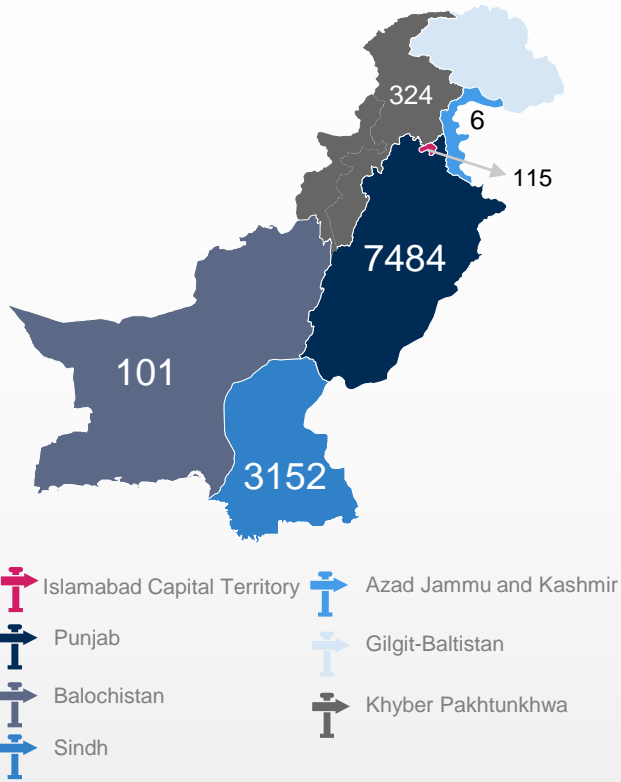


Countries covered





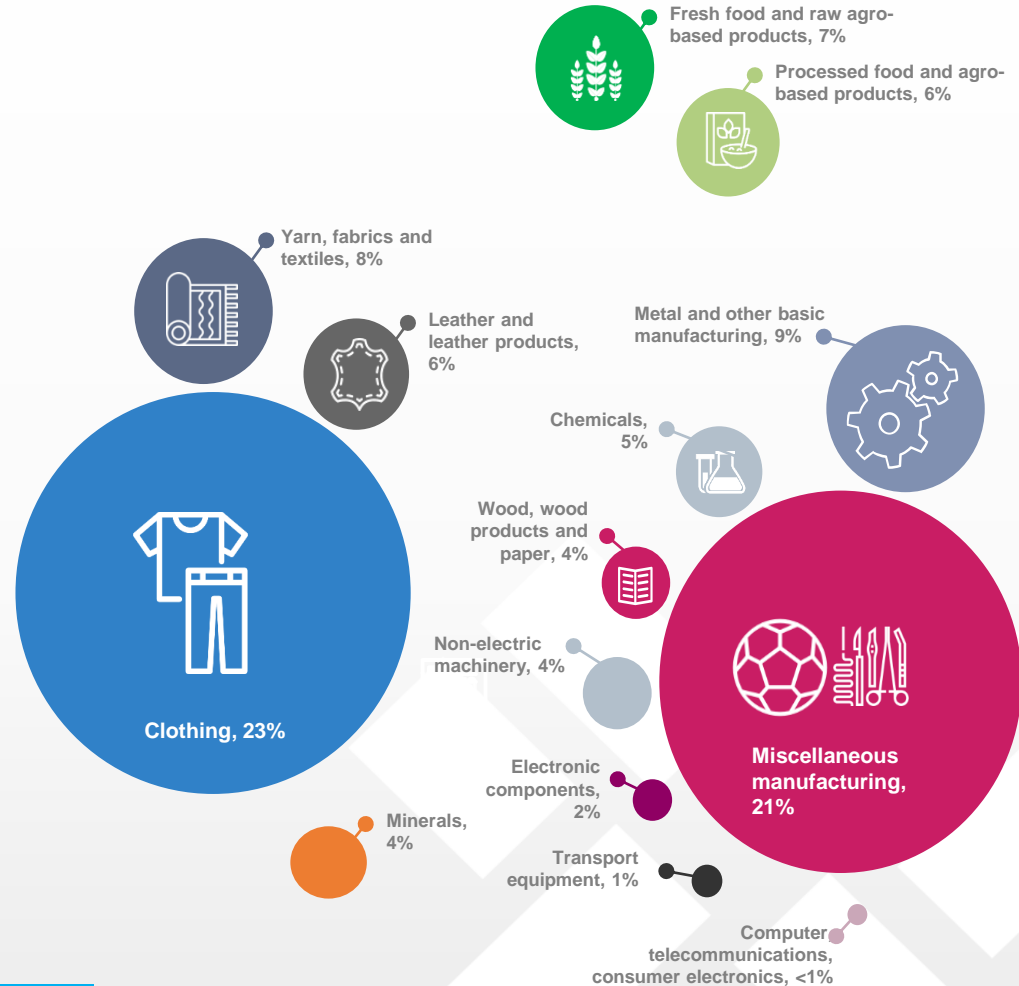
# Exporters in Pakistan



12,000 Exporters



Contacts obtained from:  
 - Trade Development Authority of Pakistan (TDAP)

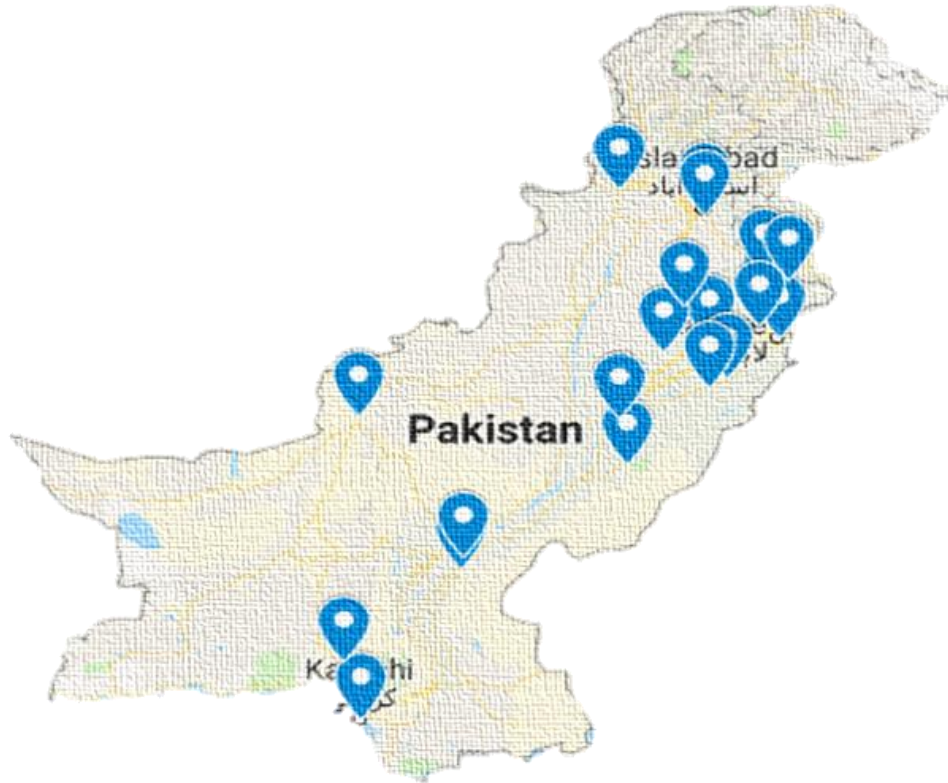


Additional contacts sourced from:

- Various business associations and chambers of commerce



# Scope of the survey



# 1214

Companies interviewed

Over 20 cities and towns covered

*Bahawalpur, Faisalabad, Jhang, Gujrat, Gujranwala, Lahore, Multan, Rawalpindi, Sahiwal, Sargodha, Sheikhupura, Sialkot (Punjab province); Karachi, Khairpur and Sukkur (Sindh province); Lasbela and Quetta (Baluchistan province); Peshawar (Khyber Pakhtunkhwa) and Islamabad*



Engagement with national stakeholders, experts, private sector associations and public institutions


# Understanding companies' difficulties with NTMs: Three aspects

## Affectedness

How many and which companies face difficulties

## Types of NTMs

Which NTMs are experienced as challenging

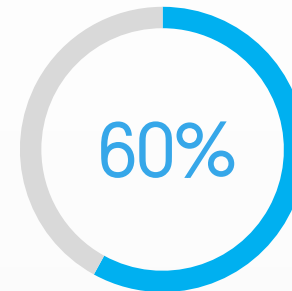


Insights on how to reduce NTM-related trade cost without undermining legitimate objectives that regulations serve

## Cause

Why NTMs are burdensome

# Share of Pakistani exporters facing difficulties with NTMs



Agriculture

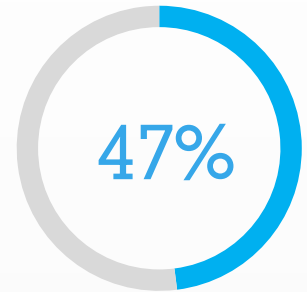
63%

Fresh food



52%

Processed food



Manufacturing

51%

Textile products



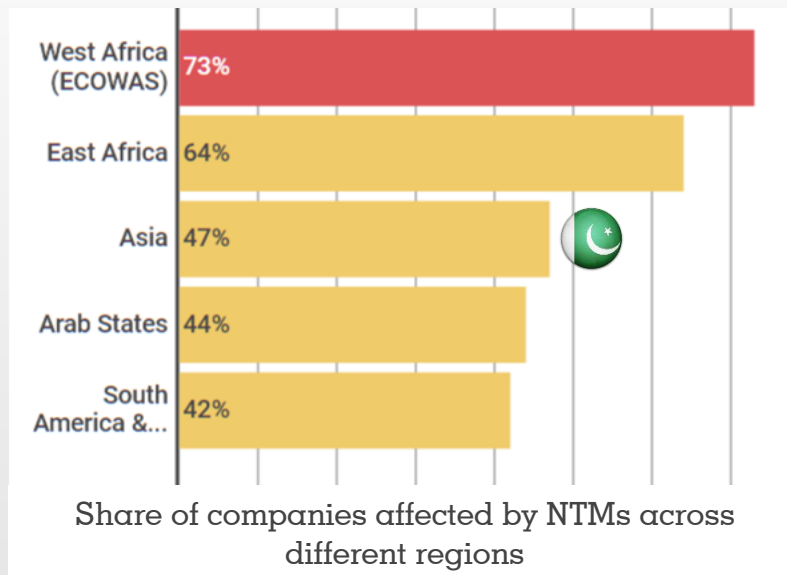
50%

Clothing



45%

Leather products



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Source: ITC Business Survey in Pakistan (2019)

# What are the origins of burdensome NTMs that exporters face?

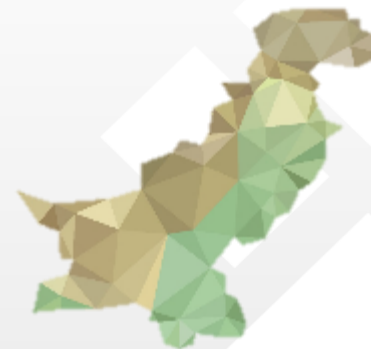
*Share of the reported burdensome NTMs that are applied by partner countries and Pakistan*

55%

45%



Foreign regulations



Pakistani regulations

# NTM Survey in other Asia-Pacific countries

Share of burdensome NTMs applied by partner and home country



Foreign regulations

Domestic regulations



6455

Companies interviewed



9 Asian countries



# The case of Vietnam (preliminary)

Share of burdensome NTMs applied by partner and home country

Destination or Transit country (89%)

Home  
(11%)



Foreign  
regulations

Vietnamese  
regulations



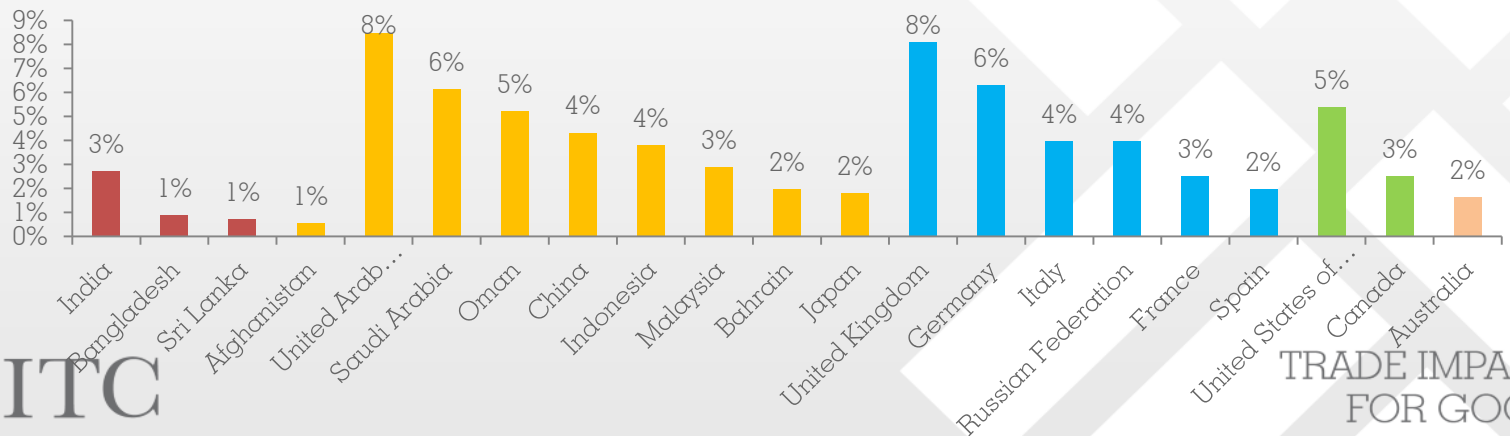
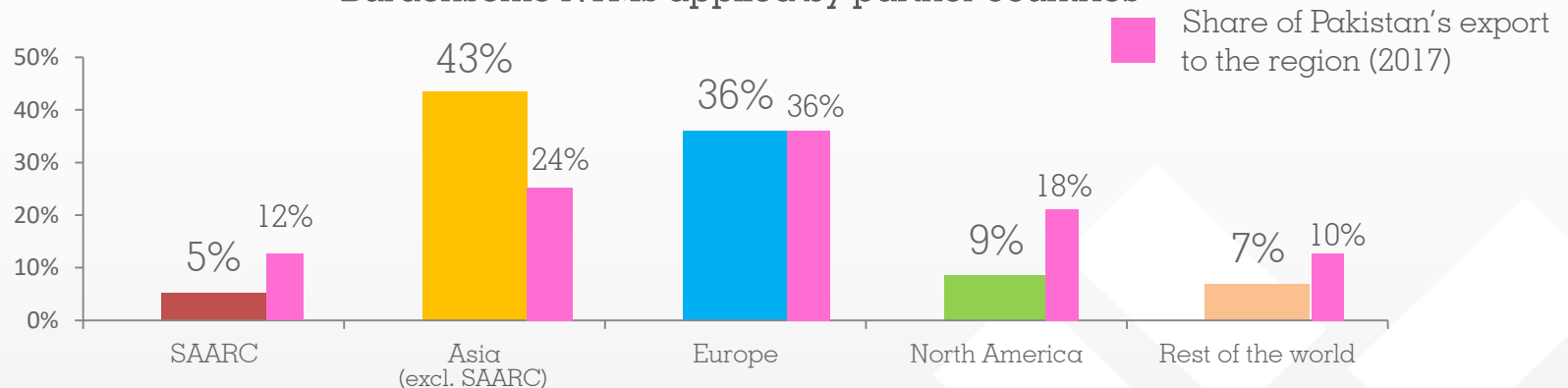
# Most of the NTMs perceived as burdensome are Asian and European regulations and procedures

Share of burdensome NTMs applied by partner country and Pakistan

Foreign regulations 55%

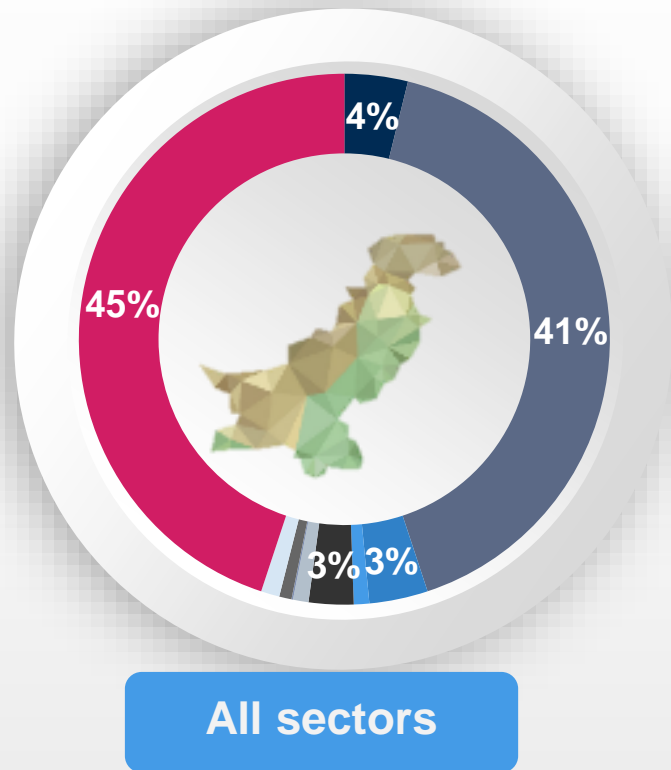
Pakistan 45%

Burdensome NTMs applied by partner countries



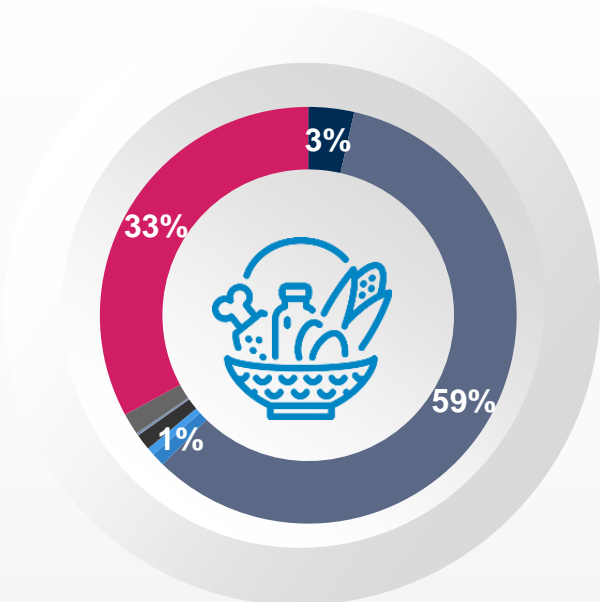


# Types of NTMs faced by exporters

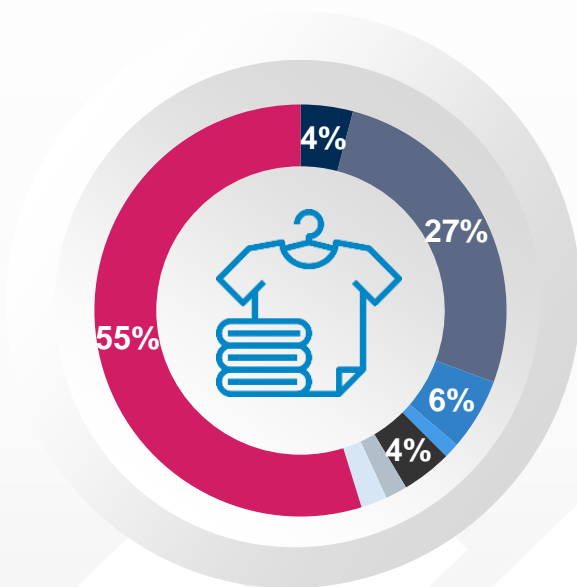


- Technical requirements
- Conformity assessment
- Preshipment inspection and border clearance
- Quantity-control measures
- Charges, taxes and price-control measures
- Finance measures
- Anti-competitive measures
- Distribution restrictions
- Rules/Certificate of origin
- Export-related measures (Pakistani Regulations)

# Types of NTMs faced by exporters: by sector



Agriculture



Manufacturing

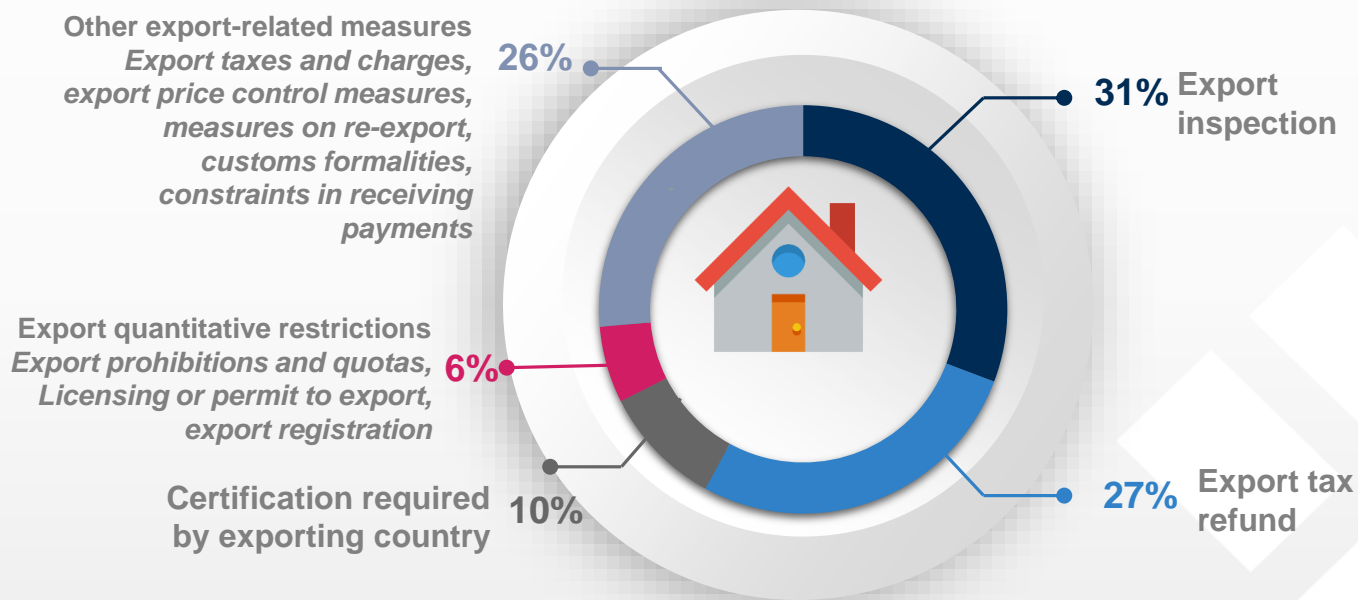
- Technical requirement
- Conformity assessment
- Preshipment inspection and clearance border
- Quantity-control measures
- Charges, taxes and price control measures

- Finance measures
- Anti-competitive measures
- Distribution restrictions
- Rules/certificate of origin
- Export-related measures



# Types of NTMs applied by Pakistan

*45% of reported burdensome NTMs by exporters are Pakistani regulations*



# Why exporters find NTMs burdensome

*Procedural hinderances is a major concern to exporters that make compliance to regulations difficult*



# Types of POs experienced by exporters



## 30%

due to **delays** in administrative procedures

## 28%

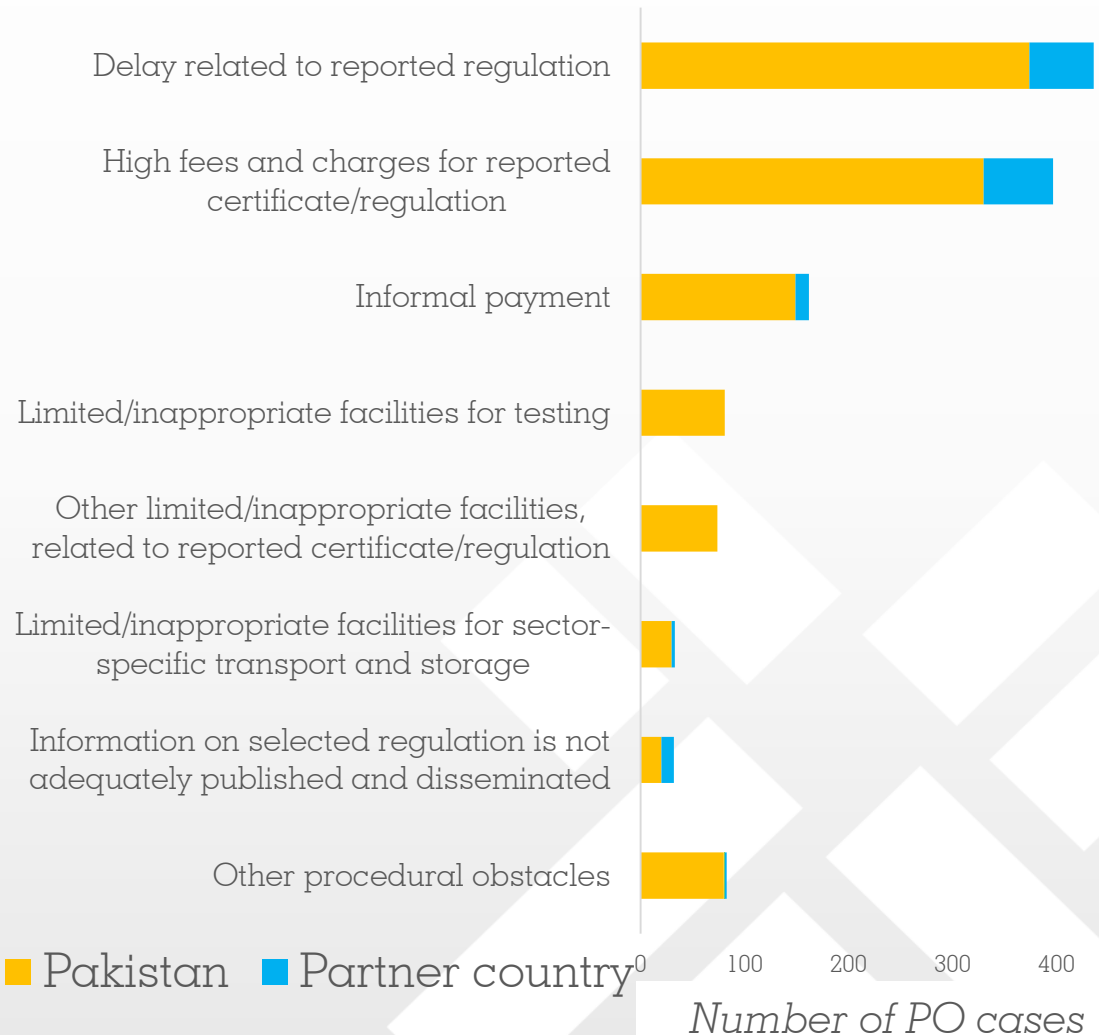


High fees and charges

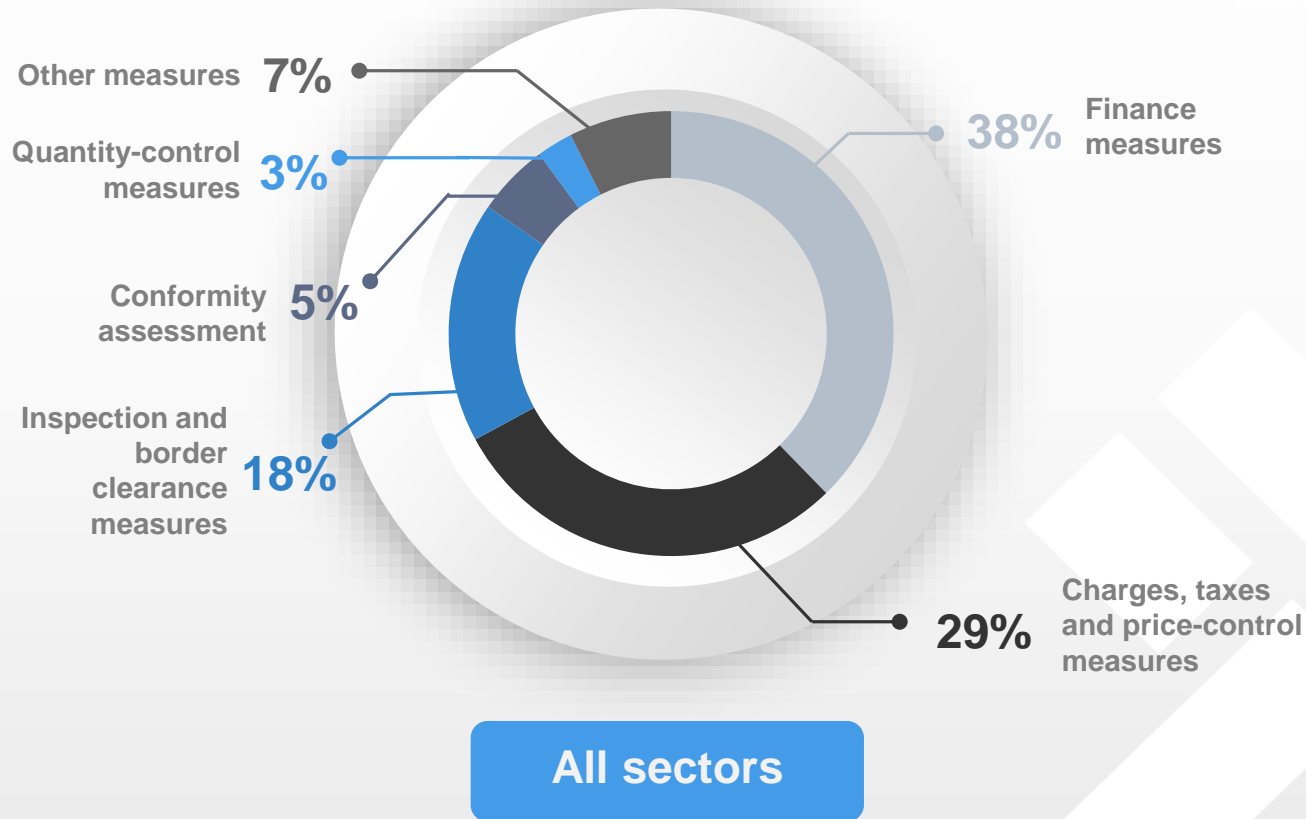


## 13%

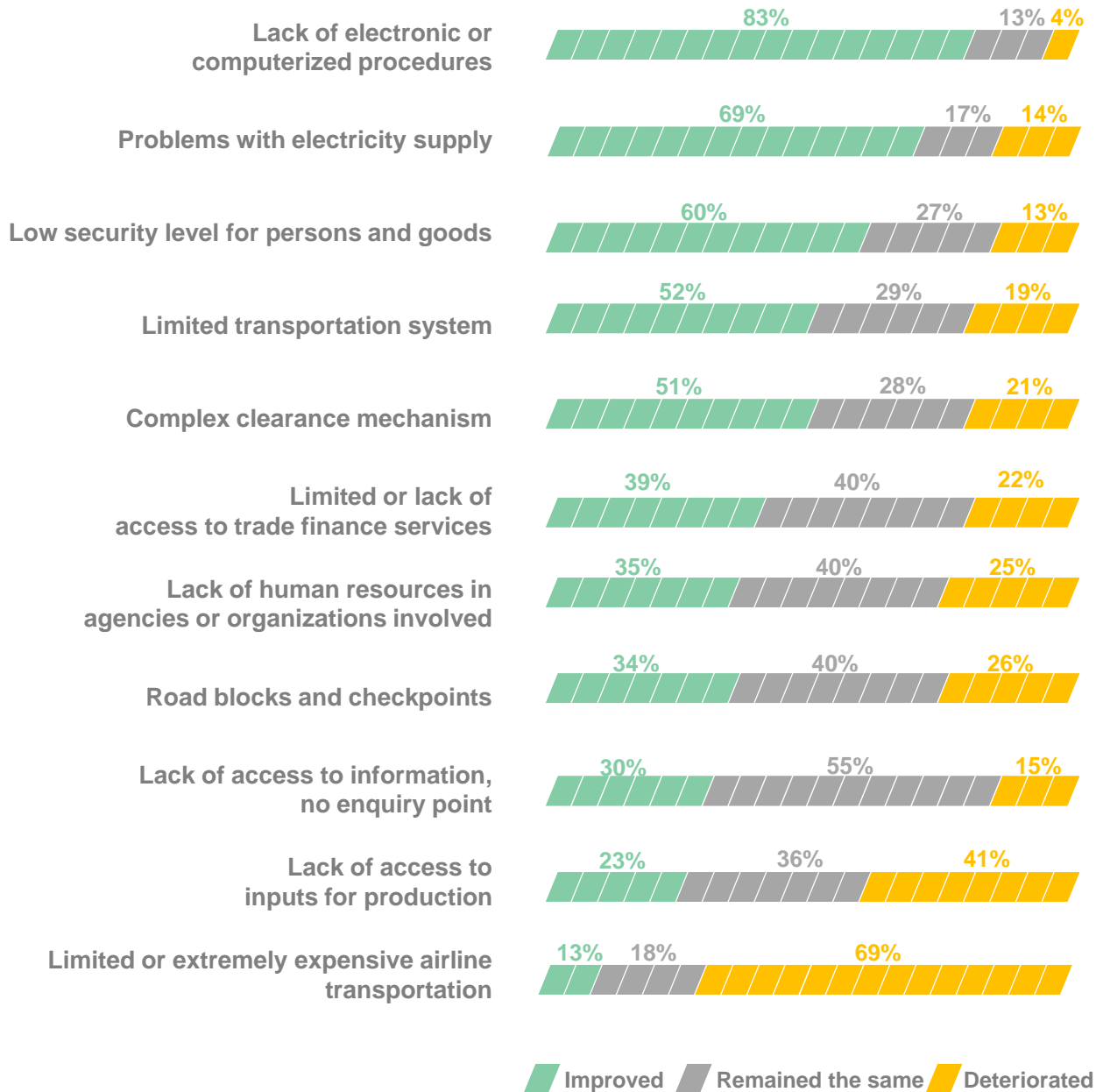
Lack of appropriate facilities



# Types of NTMs faced by importers



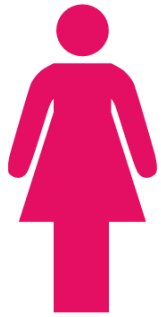
# Companies' perception on general business environment in Pakistan



*Changes in the business environment conditions over the last 5 years*

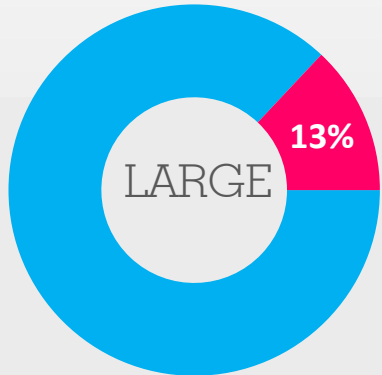
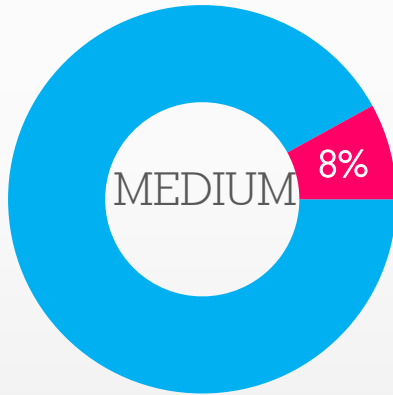
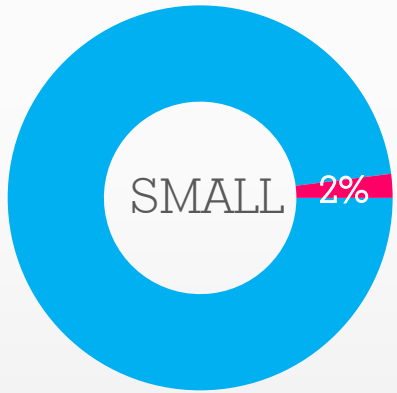


# Women Employment

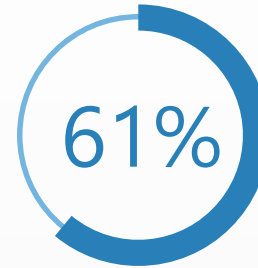


4%

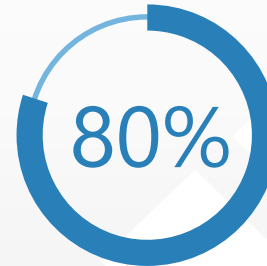
Employees in trading companies are female



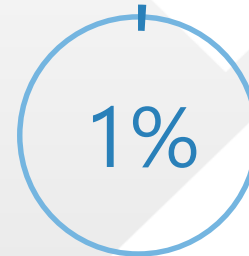
*Small:* Up to 50 employees  
*Medium:* Up to 250 employees  
*Large:* +250 employees



Companies employed no women

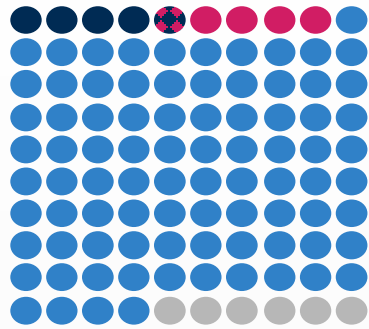


Companies where women make up less than 10% of the workforce



Companies with more female employees than men

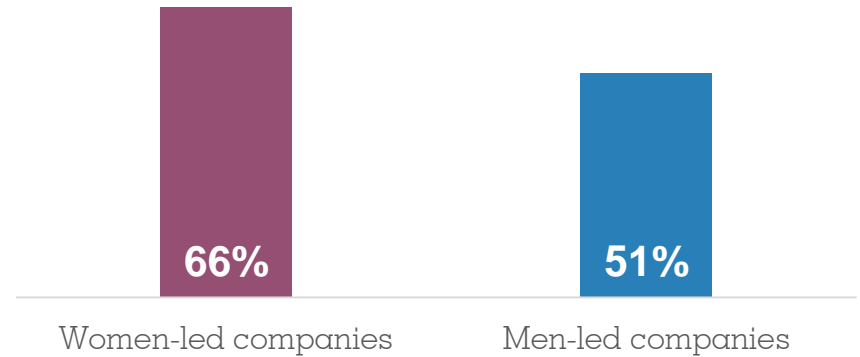
# Challenges of women entrepreneurs



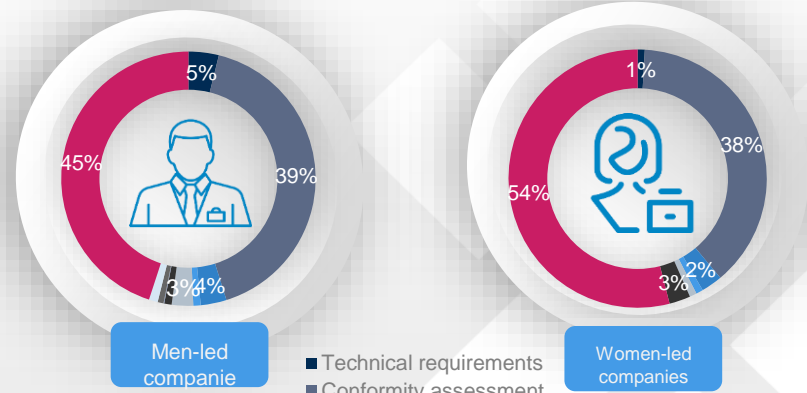
Each dot represents a percentage point

- Managed by women
- Owned by women
- Owned & managed by men
- Unspecified by men

*Higher share of women owned business affected by NTMs*



*Types of burdensome NTMs are not too different..*



- Technical requirements
- Conformity assessment
- Preshipment inspection and other entry formalities
- Quantity-control measures
- Finance measures
- Price-control measures
- Anti-competitive measures
- Distribution restrictions
- Rules of origin and related certificate of origin
- Pakistani export-related measures

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# Challenges of women entrepreneurs

**Lacking export success**  
Many women-led enterprises are not successful exporters

**Small & Informal**  
Women entrepreneurs lack good business practices and sufficient understanding of market demands

**Limited capacity**  
Women-led companies have limited production capacity

**Trade Financing**  
Lack of access to trade finance remains an obstacle for women



**Trade Information**  
Lack of access to trade information is a major obstacle

**Trade Policy**  
Women are missing out in trade policy formulation

**Social constraints**  
Women face constraints from their family to engage in business

**Business support**  
Women need support and guidance to export successfully

# The way forward

## Improve transparency in trade

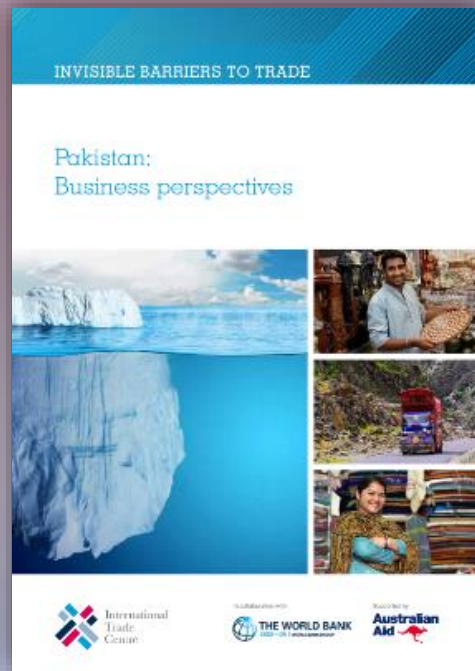
- Develop a business process guide
- Implement and train entrepreneurs on notification alert mechanisms
- *Establish an online reporting mechanism and monitoring committee*
- *Create a regional trade facilitation mechanism*
- *Develop an effective trade information portal*

## Upgrade domestic quality infrastructure and compliance

- Improve the testing and inspection infrastructure
- Improve the infrastructure of SPS control departments
- Better mechanisms to check pesticides are vital
- Standardize halal certification
- Establish a traceability system

- Enhance customs infrastructure and procedures
- Improve inter-agency communication and collaboration with the private sector
- Build capacity and improve competitiveness
- Streamline export regulations and procedures
- Support women entrepreneurs on business and export development

# Thank you!



Report and presentation available at:

[www.ntmsurvey.org/pakistan](http://www.ntmsurvey.org/pakistan)

# Concerns of target sectors

Difficulties with foreign regulations and requirements

Fruits and vegetables



Rice



Live animals and meat



Textiles and garments





# Fruits and Vegetables



## 1. Maximum residue limit (MRL) testing / certifications

- Pakistan Council of Scientific and Industrial Research (PCSIR) labs issues MRL certification in Pakistan.
- Small exporters find the fees high (>PKR 25000). High costs especially when some countries require certificates for each containers.
- It also takes several days to get this MRL certificate - concerns due to perishability of the products.

## 2. Phyto-sanitary certificate issued by the Department of Plant Protection (DPP)

- DPP officials have first to make field visits to check the quality of the products.
- Long waiting time to DPP officers to come inspect.
- Companies feel that this is due to inadequate number of officers at DPP.

## 3. Difficulties to get hot water or irradiation treatment in Pakistan

- Requirement of many importing countries that mangoes should be hot water treated. Limited facilities are available in Pakistan to undergo these treatments.



# Fruits and Vegetables



## 4. Conditions attached to duty free import of corrugated boxes

- Exporters benefit from duty free import of corrugated boxes with a condition that these be utilized within 12 months.
- As the season of kinnow and mango are for a limited period limited, unused boxes can result in exporters facing additional costs.

## 5. Manual export inspection and lack of cold storages

- Manual inspection at the customs due to inadequate scanners is an issue for exporters, in particular exporters of fresh food “perishable products”. Manual inspection can be a lengthy process.
- Unpacking and repacking of boxes can take a long time.
- Insufficient cold storage facilities is a concern

## 6. Constraints at the production level also needs to be addressed

- Cost of production, plant diseases and quality issues (Fruit Fly , Thyrips ,blemish , etc. ), water constraints, insufficient information about demand in the international market, high air freight cost, availability of quality seed and adoption of modern technology.

## 7. Export restriction of certain products:

- E.g.: Chilies, bitter gourd, eggplant, citrus, guava.
- Quality related

# Rice



## 1. Difficulties to get the required minimum residue limit (MRL) certificates

- Pakistan Council of Scientific and Industrial Research (PCSIR) issues MRL certification but is not able to cover all parameters on MRL testing.
- Some countries require MRL analysis on parameters not covered by PCSIR.
- Samples have to be sent abroad (usually US or EU) for necessary analysis.
  - Additional cost and time

## 2. Tests for Genetically Modified Organism (GMO)

- Lack of suitable labs in Pakistan to undergo this test.
- Samples sent abroad for testing.

## 3. Exporting to USA is an expensive process

- FDA certification mandatory.
- High fee and validity for one year only.

# Rice



4. Third party inspection required by some countries lead to additional cost for exporters.
5. Concerns due to export inspection
  - Delays in shipment process – waiting time can be up to 10 days
  - Damaged packaging
  - Unhygienic conditions at warehouses where the packages are opened
6. Some instances of certification provided by Pakistani labs not being recognized
  - E.g.: in China and Malaysia
  - Exporters usually have to go under go additional test

# Live animals and meat



## 1. High antibiotics residues

- Some meat exporters use antibiotics in their production.
- High antibiotic residues in the final product have resulted in unpleasant experiences and reputational loss.

## 2. Difficulties to get Halal certification

- Exporting to GCC countries require Halal certification.
- Fragmentation of halal certification laboratories in Pakistan. Different importing markets asks for a distinct halal certification from specific laboratory, which imposes an extra burden on exporter to acquire several halal certificates.

## 3. Health certificate for exports

- The certificate issued by the Animal Quarantine Department in Pakistan is only accepted in some of the neighbouring countries.
- Otherwise, countries like Canada and UAE do not recognize this certificate and ask to visit the slaughterhouses in Pakistan before allowing the entry of the product into their countries.

## 4. Export to EU and the US not realized due to strict meat traceability requirement

## 5. Lack of sufficient cold storage facilities in the airports and customs points.

# Textiles & Garments



European requirement for Carpets to use AZO free dyes.

- European regulation
- Azofree dyes are becoming available in Pakistan but they are not readily available

Partner countries requires use of new environmentally friendly dyes

- These dyes are not readily available in Pakistan and importing them is expensive

To exporting towels to Europe, various certification such as OCO certificate, SA1400, BSCI is required.

- High costs of certificates with validity for these is only one year.

Pakistani carpets facing high tariff walls:

- For e.g. from China (in spite of the FTA), Turkey, Brazil, Russia

# Textiles & Garments

Increasing number of certifications requirement for exports to EU and US.

- Costs are high to get all the required certificates
- Not all the tests can be done in Pakistan

Restriction on sending samples (Carpets)

- Weight limit of 12 kg
- Handmade carpets are usually heavy
- Payment required for "samples" that are heavier than 12 kg

Delays in receiving export subsidies (Woven fabrics)

Foreign exchange regulations





# Perspective of customs officers

## Key Challenges:

- Availability of a skilled workforce
- Harmonization of customs procedures and system
- Contributing to and benefitting from global customs networks
- Infrastructure needs at Karachi Export Processing Zone

## Views on Pakistani traders

- Quick to make use of government incentives
- Generally law-abiding, thanks in part to the low number of contraventions committed by the exporters
- Need more education about customs rules and procedures



# Perspective of customs officers

What are the common difficulties and conflicts with exporters and importers?

- The Government has focused on trade-based money laundering and, as a result, Pakistan Customs is watchful for mis-invoicing
- Valuation: exporters tend to resist submitting an additional E-Form, arguing that it creates a hardship for them
- Packing of export consignments to be unhygienic and substandard
- Exporters are unaware of the importance of fumigating goods
- Disputes between importers and customs usually center on the valuation and tariff classification of goods, and a proper redressal mechanism is available.

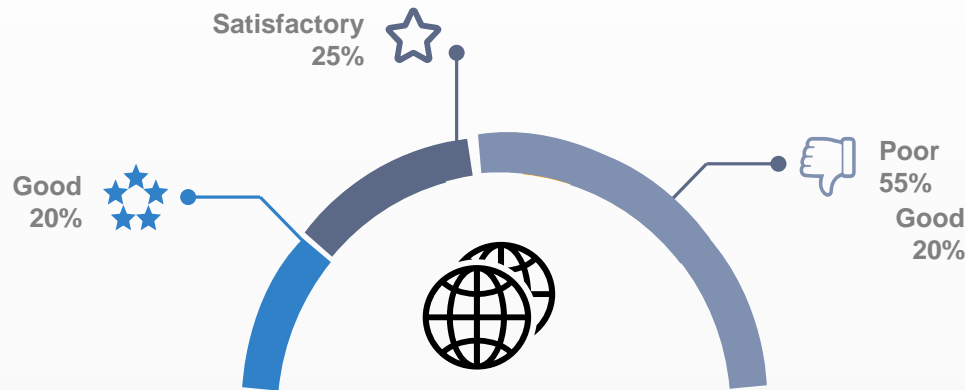




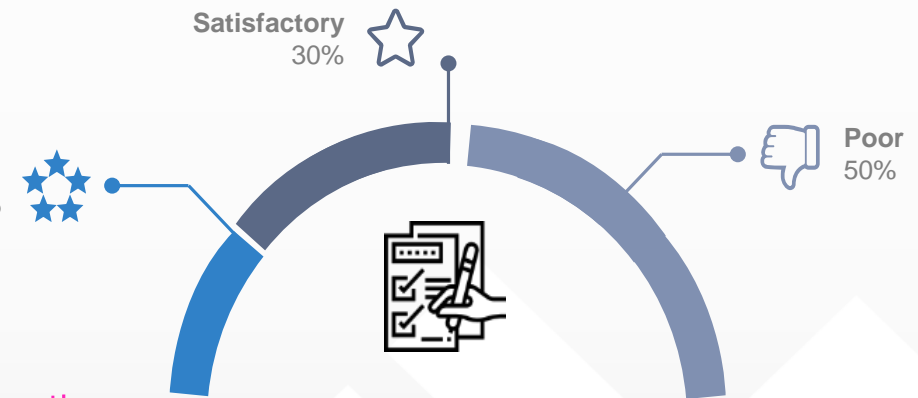
# Perspective of business associations

Business associations rate progress on:

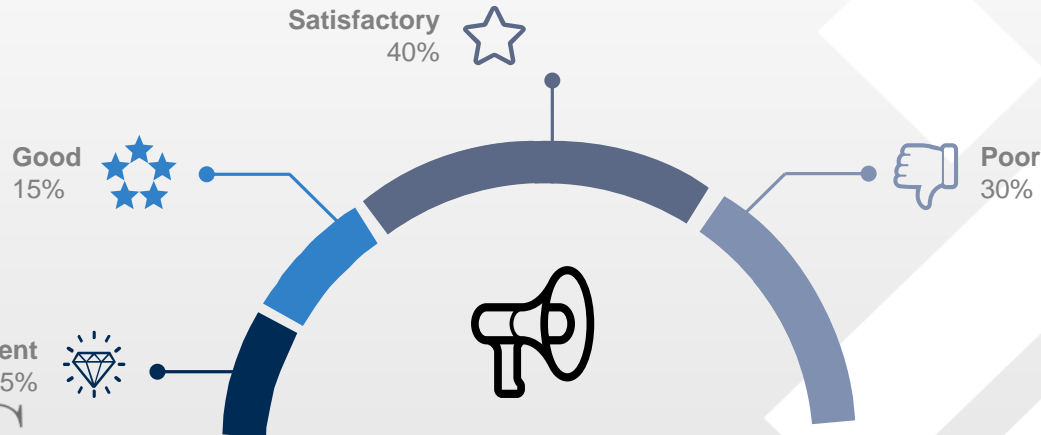
## Trade policy and agreements

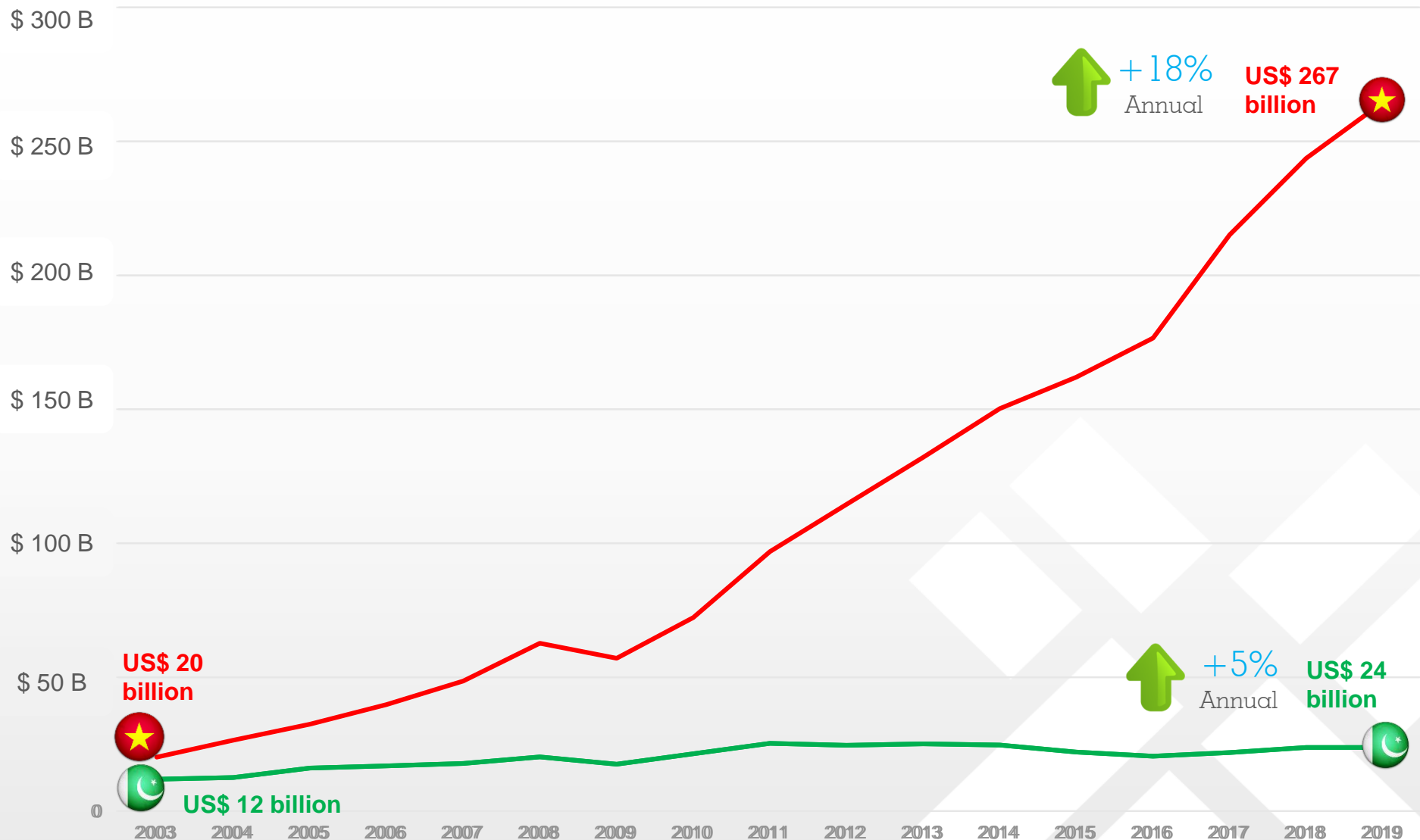


## Customs procedures



## Trade information





Source: ITC Trade Map ([www.trademap.org](http://www.trademap.org))

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