



**International Trade Centre**  
UNCTAD/WTO



**European Commission (EC) Trade Related Technical  
Assistance Programme (TRTA) for Pakistan**

# **Establishing a WTO Cell within the Export Promotion Bureau**

Study report

*August 2005*

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## ITC: Your Partner in Trade Development

The International Trade Centre is the technical cooperation agency of the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO) for operational and enterprise-oriented aspects of international trade development. As the United Nations focal point for technical cooperation in trade promotion, ITC works with developing countries and economies in transition to set up effective trade promotion programmes to expand their exports and improve their import operations.

ITC works in six areas:

- ▶ Product and market development
- ▶ Development of trade support services
- ▶ Trade information
- ▶ Human resource development
- ▶ International purchasing and supply management
- ▶ Needs assessment, programme design for trade promotion

## Contents

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<b>I. Introduction</b> .....	<b>1</b>
<b>II. Major findings</b> .....	<b>3</b>
Export Promotion Bureau .....	3
Other trade support institutions .....	3
Private enterprise .....	4
Other meetings.....	4
<b>III. Major conclusions</b> .....	<b>5</b>
EPB's image and WTO Cell .....	5
Private/public sector dialogue .....	5
Project ownership.....	5
<b>IV. Major recommendations</b> .....	<b>7</b>
<b>V. Preliminary blueprint for WTO Cell within EPB</b> .....	<b>9</b>
Objectives .....	9
Major functions and services.....	9
Structure and staffing of the Cell .....	10
Preliminary budget .....	13
<b>VI. Next steps</b> .....	<b>15</b>
<b>Annex 1 – Meetings and persons met by ITC mission</b> .....	<b>17</b>
<b>Annex 2 – Differences may delay EPB restructuring</b> .....	<b>19</b>
<b>Annex 3 – Criteria for institutional assessment</b> .....	<b>21</b>
<b>Annex 4 – Institutional assessment</b> .....	<b>23</b>
<b>Annex 5 – Organization chart</b> .....	<b>27</b>



## I. Introduction

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The EC-TRTA project 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. A key component of this assistance package is to strengthen the WTO cell at the Export Promotion Bureau (EPB).

ITC plans to provide international advisory services, training and support to EPB to become a channel for the capacity building of the business sector with respect to the trading system. With ITC's assistance, EPB will support various trade bodies in providing WTO information and training their offices in WTO issues with particular reference to the specific issues affecting each sector. EPB will be also assisted to act as a link with the Government and as an active facilitator for the public-private sector dialogue on WTO-related issues. In this respect, coordination between EPB Karachi, the WTO Cell of the Ministry of Commerce and the business community is key.

In pursuance of the above, ITC will:

- Assess the current structure and service offer of EPB, focusing in particular on the placement and institutional linkages of the WTO Cell within EPB, through contribution to a needs assessment process.
- During a mission to Pakistan, hold initial extensive consultations with Senior Officials of the EPB, followed by meetings with stakeholders in the public and private sector (including relevant Ministries, Chambers of Commerce, Trade Associations, selected enterprises, EC Resident Mission, and Multilateral organizations) to ensure a thorough and inclusive consultative process on the future development of the WTO Cell in EPB.
- Review trade promotion and trade support functions and their linkages by meeting with key institutions and selected export enterprises, undertaking a SWOT analysis of the current and presenting initial findings to stakeholders.
- Identify the challenges and opportunities for the development of the WTO Cell, with particular reference to EPB's overall corporate strategy, with a particular emphasis on the institution's infrastructure and client service support structure.
- Prepare recommendations for improving internal and external linkages between the WTO Cell and stakeholders, development of an information advisory programme to be implemented by EPB and a concept for the financing of growth for the WTO Cell.
- Establishment of an operational trade support network at the national level between EPB, other TSIs, product associations and exporting enterprises, to further extend the reach of the WTO Cell.
- In consultation with EPB, develop a work programme, which includes a national road-show aimed at showcasing the capacity of WTO Cell to add value to the exporting community in Pakistan.
- Contribution to the operating plan of the WTO Cell, focusing in particular on the creation of an effective client relationship management methodology.

It is expected that these inputs will contribute to improving the business environment for exporters by strengthening both dialogue between key stakeholders and the EPB and the business community in general.

The ITC team, comprising the ITC Senior Adviser and the Senior Business Advisory Services Officer, spent three days in Karachi and a day each in Lahore and Islamabad. During this period they visited the EPB, a selected number of institutions and enterprises, the Ministry of Commerce and the EU delegation to hold consultations and gather information, in pursuance of this module of the project. A copy of the mission programme is attached as Annex 1.

The ITC Team are grateful to all of those who met with them in Pakistan, for their time and cooperation; particularly to Mr Qasim Niaz, Joint Secretary, Ministry of Commerce and Ambassador Ilkka Uusitalo, Head of Delegation, European Union, who met with the Team for a debriefing on the mission and also to the staff of the project office, particularly to Mr Arif Khan, National Programme Coordinator and Mr Usman Khan, National Programme Associate, who very efficiently made all of the arrangements and accompanied the team to all of their meetings.

## II. Major findings

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Drawing on well-established and tested ITC institutional diagnostic criteria (see further Annex 3), the ITC team visited and made assessments of some of the relevant public and private sector institutions. A detailed assessment summary is included as Annex 4.

### Export Promotion Bureau

The ITC team visited EPB and met with Dr. Yousaf Junaid, Director and Ms Rubina Ghanglro, Assistant Director of the WTO cell. The cell has been in existence for about three years, but is clearly constrained by both human and financial resources. The Director and his Deputy appear to have other responsibilities within the EPB besides dealing with WTO matters. The focus of the unit seems to have been on awareness seminars, particularly related to anti-dumping; the duty draw-back scheme – now largely irrelevant, as duties on raw materials are removed; and gender awareness issues related to WTO. It was estimated that some 2,000 people across the country would have participated in EPB sponsored seminars during this period.

More generally, the EPB's main activity in recent years has been the management of textile quotas. With the end of the Multi-Fibre Agreement (MFA) on 31 December 2004, this function has disappeared. Also, a new ministry has been established to deal with textile issues and the unit of the EPB dealing with this sector will be transferred to the new ministry. The EPB is also focused on advising government on trade policy issues and apart from organising participation in trade fairs and missions, it does not seem equipped to offer much operational level support to exporters.

The EPB is itself under review and has been the subject of a study recommending its restructuring. This report has been under consideration for some time and although an important presentation on the restructuring was to be made to the Prime Minister on 4 July 2005, it is not clear if this matter will be finally resolved. See further newspaper article, *Differences may delay EPB restructuring*, attached as Annex 2.

The ITC team also visited the WTO reference centre, which was established by the EC/ITC project in November 2004 within the EPB. The centre is essentially three stand-alone computers, with relevant material, in the EPB's trade library. The centre is well positioned at the entrance to the library, which is on the ground floor of the EPB and therefore benefits from the traffic visiting the library. There did not appear to be any programme to promote the centre and exporters and other TSIs visited did not seem aware of the value of the centre.

### Other trade support institutions

The ITC mission met with four other TSIs in Pakistan: The Federation of Pakistan Chambers of Commerce & Industry, Karachi Chamber of Commerce and Industry, Lahore Chamber of Commerce and Industry, Small and Medium Enterprise Development Authority (SMEDA). The Federation of Pakistan Chambers of Commerce and Industry and SMEDA have a national mandate, whereas the other two institutions are limited to their particular city.

The Chambers of Commerce and Industry are largely advocacy associations promoting the interests of their members to government, through membership of various committees. The Karachi Chamber, with a membership of 13,000 and a staff of 85, has started an interesting twinning arrangement with the Birmingham and Naples Chambers of Commerce and Industry. The objective seems to be to benefit from these chamber's knowledge and experience.

The Lahore Chamber has excellent facilities, particularly for training and appears to be active in many spheres (including a 400-bed hospital, with the country's best burn centre). It also houses one of the three WTO reference centres established by this EC/ITC project. The centre suffers from lack of ready access to the general public, being on an upper floor of the Chamber. There are plans to remedy this, when a building extension is completed.

SMEDA, established in 1998, under the Federal Ministry for Industries, Production and Special Initiatives, represents an interesting model of a dynamic and apparently effective government agency in Pakistan. With a staff of 140, half in Lahore and the others in 4 regional offices, SMEDA has focused on carrying out sector analysis, helping SMEs to prepare business plans and running training courses – some 500 in 50 cities and towns across Pakistan, since its inception. SMEDA's staff, who are on two-year contracts and paid competitive salaries (five times those of the equivalent civil servants), are recruited in a transparent manner and appear to be performing effectively.

### **Private enterprise**

The ITC team visited one exporter, Bari Mills, a towel and bed linen manufacturer, for major brands in N. America and Europe. The mission visited one of the company's four factories in Karachi. Although by no means modern, it seemed to be well ordered and was focused on producing products of good quality in a timely fashion, rather than on being the cheapest producer. They are currently completing a new state-of-the-art factory and are confident that they will be able to compete with Chinese production, in a post-MFA world.

The team also met unofficially with a General Manager of Meezan Bank, who had been in automotive parts manufacturing. He provided a good overview of the export environment in Pakistan, which was confirmed by subsequent meetings.

### **Other meetings**

The ITC team met with Mr Qasim M. Niaz, Joint Secretary, Ministry of Commerce and H.E. Ilkka Uusitalo, Ambassador and Head of the EC Delegation in Pakistan and briefed them on their preliminary findings, conclusions and recommendations.

Both Mr Niaz, who is the main government contact point for the EC/ITC project and Mr Uusitalo were knowledgeable about the EPB situation and the difficulties in establishing a functioning WTO cell within the bureau. They also recognised the cell's potential value and were supportive of the team's recommendations to ensure the cell's effectiveness, efficiency and sustainability regardless of developments within the EPB.

### **III. Major conclusions**

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Although in no sense exhaustive, these meetings have enabled the ITC team to draw some preliminary conclusions about the challenges and opportunities for the development of the WTO Cell, within the EPB:

#### **EPB's image and WTO Cell**

The EPB is not currently held in high regard by the business community and their representatives, who should be the EPB's primary stakeholders and clients: it is perceived as having no clear strategy and policy; being over-staffed; bureaucratic and not sufficiently pro-active; slow to provide information; and lacking in autonomy;

The WTO cell within the EPB is at the moment of marginal significance to the business community and the WTO reference Centre at the EPB is largely cosmetic.

#### **Private/public sector dialogue**

Despite a number of committees, involving the private sector, there is considerable room for improvement in the private/public sector dialogue related to trade matters: the business community does not appear to be consulted on key issues of concern, from major policy matters like the restructuring of the EPB, to operational matters, like determining the schedule of missions and fairs for national participation and what companies are best suited to participate.

#### **Project ownership**

At the moment there is insufficient ownership of the EC/ITC project both within the government and the private sector. There is not enough cohesion between the components and there is no clear high-level champion for the project.



## IV. Major recommendations

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The above conclusions represent serious impediments to the success of this module. However, they also represent a significant opportunity. A properly structured, efficiently managed and run WTO cell within the EPB could provide additional cohesion for the project as a whole and ensure its sustainability for the future. In order for this to happen, the ITC team propose the following:

1. On the assumption that the present state of uncertainty within EPB will continue for the immediate future, the WTO cell should be established as a semi-autonomous unit within the EPB, with a clear mandate and its own budget and staff.
2. The staff for this cell should be recruited on merit in a transparent way, at market salary levels for contract periods not exceeding three years, e.g. similar to SMEDA.
3. The EPB reference centre should become the information base of this cell and the three project reference centres should share a common data platform. This would enable the reference material to be updated regularly and made available more widely through Internet access.
4. The cell should undertake a dynamic programme of:
  - Export-SME needs assessment;
  - Information collection, analysis and dissemination;
  - Harnessing the resources of other relevant elements of the EC/ITC project to produce a cohesive technical assistance programme;
  - Engaging in an outreach programme, embracing other TSIs – chambers, SMEDA, ministries, sector associations - in a truly national effort of trade support to SME exporters, including workshops, seminars and other activities using all available media.
5. This cell should be financed from sources such as the Export Development Fund. This fund is levied at the rate 0.25% (recently raised to 0.75%) of exports.



## V. Preliminary blueprint for WTO Cell within EPB

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**NOTE:** The following section is provided as a basis for discussion and to assist with the decision in principle to proceed, or not. It is based on preliminary findings resulting from the ITC mission to Pakistan and an assessment of the needs of the business community in the country. The budget is indicative only and based on basic staff needs and un-verified assumptions about commercial salary levels in Pakistan. It is assumed that the EPB/GOP will provide:

- Routine administrative support – accounting and personnel etc.,
- Office space, furniture and miscellaneous capital costs.

A final blueprint will require further research and discussion, as well as further information on similar activities undertaken in other countries (which will be obtained from the proposed survey).

### Objectives

The objectives of the restructured WTO Cell are to ensure that:

1. Pakistan businesses, especially small and medium-sized enterprises, have access to world-class information and support services related to WTO/MTS issues, to facilitate their efforts to develop trade with foreign markets;
2. The Government of Pakistan, EPB management and the business community are aware of WTO/MTS developments, particularly constraints, which will impact on Pakistan's external trade and to help develop and implement appropriate solutions and responses;
3. A contact point for improved private/public sector dialogue on issues related to WTO/MTS is provided.

### Major functions and services

The WTO Cell's functions and services should be to:

1. Regularly undertake export-SME needs assessment, in this area;
2. Collect, analyse and disseminate information on WTO/MTS issues, using the WTO reference centres as a common data platform;
3. Research and analyse the threats and opportunities offered by the WTO/MTS for Pakistan's exporters;
4. Provide sector/enterprise specific consulting services to Pakistani exporters on related export marketing issues;
5. Harness the resources of other relevant elements of the EC/ITC project to produce a cohesive technical assistance programme;

6. Undertake an advocacy role for exporters in their relations with government and other relevant agencies, on related matters;
7. Assist the EPB and government with trade policy formulation, directly related to WTO/MTS issues and the interests of Pakistani exporters;
8. Engage in an outreach programme, embracing other TSIs – chambers, SMEDA, ministries, sector associations - in a truly national effort of trade support to SME exporters, including workshops, seminars and other activities using all available media.

## **Structure and staffing of the Cell**

Positioning the WTO Cell within the EPB is difficult, until the current restructuring of the EPB is resolved. However, it is clear that an efficiently managed WTO cell within the current EPB needs to operate as a semi-autonomous unit, with a clear mandate and its own budget and staff.

As a prototype structure, it needs to report directly to the Chief Executive Officer (CEO) of the EPB, although it must work closely with and as far as possible, support the related activities of other sections of the EPB.

The role of the CEO in relation to the cell should be to agree the cell's annual work programme and budget and to assess its progress against agreed objectives on a monthly basis. The CEO must allow the cell to function professionally.

### **Head of the Cell**

A preliminary organisational chart of the cell is attached as Annex 4. This provides for the Head of the Cell and three units. The Head of the Cell will be an energetic individual, preferably under 40 years of age, with advanced degree level qualifications, good management skills and sound knowledge of at least one of the technical areas of the cell's activities.

The Head will be responsible for managing a team of approximately ten professionals in three units at the EPB in Karachi. Funds permitting, the cell may establish smaller advisory units in the EPB's branch offices. An important function of the Head will be to agree the public communications strategy of the cell and act as its primary external face to government, the business community and the general public. In addition to any help provided by the EC/ITC project, the Head of the cell will also need to seek out technical assistance from other sources, for strengthening and maintaining the cell.

### **Units**

The proposed units are as follows:

- Information and Research
- Advocacy
- Advisory Services

### **Information and Research**

The objective of the Information and Research Unit will be to meet the needs of EPB's client enterprises for information about the WTO rules and regulations, as they relate to specific sectors

and export enterprises. This unit will also need to respond to routine questions about WTO and the MTS which are currently referred to the Ministry of Commerce and to which the Ministry does not have adequate resources to respond. The Ministry also requires informed inputs from the business community for its trade negotiations, with which the unit can also assist.

Main activities of this unit will be to:

1. Collect, analyse and disseminate information on WTO/MTS issues, using the WTO reference centres as a common data platform;
2. Research and analyse the threats and opportunities offered by the WTO/MTS for Pakistan's exporters;
3. Assist the EPB and government with trade policy formulation, directly related to WTO/MTS issues and the interests of Pakistani exporters.

Major contacts of this unit will include:

- Other EPB staff members;
- Exporters and potential exporters
- Ministry of Commerce staff
- Staff of other WTO reference centres in Pakistan
- Selected regional and international WTO information and data sources, including the EC, UN, WTO, ITC and other appropriate organisations
- Other WTO units within national trade support institutions and sector associations
- Pakistan's Mission to the WTO in Geneva.

It is envisaged that this unit will require a staff of at least three people: a librarian/documentalist for the reference centre and one senior and one junior research officer. The librarian/documentalist will possibly also manage the unit. At least one of the above should have considerable knowledge of ICT, although major services will need to be sourced from elsewhere in EPB or bought in, as needed.

## Advocacy

The objective of the Advocacy unit will be to raise the awareness amongst the business community and specific sector groups of the role of the WTO in the Multilateral Trading System and the impact of its rules and regulation on their efforts to export. The unit should also seek to represent exporter's interests and concerns related to WTO matters to the Ministry of Commerce.

Main activities of this unit will be to:

1. Undertake an advocacy role for exporters in their relations with government and other relevant agencies, on related matters;

2. Engage in a massive outreach programme, embracing other TSIs – chambers, SMEDA, ministries, sector associations - in a truly national effort of trade support to SME exporters, including workshops, seminars and other activities using all available media.

Major contacts of the unit will include:

- Exporters and potential exporters
- Ministry of Commerce staff
- Other Pakistani trade support institutions and sector associations
- Selected technical assistance providers on WTO/MTS issues.

It is envisaged that this unit will require a staff of at least three people: a public communications specialist and two training officers, one of whom will manage the unit.

### Advisory services

The objective of the Advisory Services Unit will be to provide practical, sector or enterprise specific marketing support, through the use of inhouse or external WTO data and other resources.

The unit's main activities will be to:

1. Regularly undertake export-SME needs assessment, in this area;
2. Provide sector/enterprise specific consulting services to Pakistani exporters on related export marketing issues;
3. Harness the resources of other relevant elements of the EC/ITC project to produce a cohesive technical assistance programme;
4. Provide or recruit consultants to deliver relevant marketing consulting services to selected export enterprise clients in priority sectors.

The unit's major contacts will be:

- Individual enterprises in priority sectors
- Sector groups
- WTO specialists, local and foreign
- Relevant government officials, ministries and other individuals and institutions with a focus on WTO/MTS issues and specific sectors.

It is envisaged that this unit will require a staff of at least three people: three marketing advisers, one of whom should be senior and also manage the unit.

## Staffing

The major staff appointment will be that of Head of the Unit. The choice of this individual will be critical to the success or failure of the cell. Apart from appropriate qualifications, the Head should have some business experience, preferably both in Pakistan and abroad.

As indicated above in this report, under major recommendations, the staff for this cell should be recruited on merit in a transparent way, at market salary levels for contract periods not exceeding three years e.g. similar to SMEDA. This appears to be the only way in which the cell is likely to attract and retain suitable personnel, who are key to its success.

## Preliminary budget

A preliminary budget has been prepared to cover operational expenses and basic capital costs of the first twelve months. Operational expenses are in the order of US\$234,000 (see Table below) and capital costs about US\$50,000, excluding any major computer network or office purchases (e.g. photocopier(s), beamer/LCD projector).

The budget is based on the following assumptions and calculation method:

- Budgeting period: 12 calendar months from start-up.
- Personnel: Secretarial staff and other support staff have not been included within the 10 people expected to be recruited during the first budgeting period:
  - Salaries and allowances have been based on competitive local salary levels.
  - Salaries include a 10 % overhead for miscellaneous hospital, insurance etc. deposits.
- General operational overhead expenses have been calculated according to practices used in service organizations by adding an overhead cost related to total salary and personnel costs (in this case 10 people). In this case a 50 % overhead percentage has been used. **This overhead, in total about US \$71, 000, should cover the following expense items:**
  - Telecommunication, mobile and fixed line and Internet/ADSL
  - Courier and mail services
  - Office supplies
  - Day to day hand out/promotional materials
  - Domestic traveling expenses
  - Office cleaning and maintenance
- The overhead **does not cover:**
  - Office space rent
  - Secretarial or support staff salaries
  - IT equipment and programs

Investment in personal office furniture and computers is estimated at about US\$4,500 to US\$5,000 each for the 10 staff included in the salary budget, totalling to about US\$45,000 to US\$50,000.

**Table: Operational expenses in first year of operation**

<b>Main cost items for first year</b>	<b>Multiplier</b>	<b>USD ('000)</b>	<b>PKR ('000)*</b>
Professional staff salaries and allowances		142	8,437
Operations overhead on salaries**	50%	71	4,219
PR & information material		0	0
Personnel training		0	0
Development projects and work		0	0
Studies		0	0
Outsourced services		0	0
Overseas travel		0	0
<b>Sub total</b>		<b>212</b>	<b>12,656</b>
Contingency	10%	21	1,266
<b>Total (order of magnitude)</b>		<b>234</b>	<b>13,921</b>

**Notes:**

\* - Exchange rate used = USD 1-PKR 59.610

\*\* Correction factor for salary inflation = 1.50

A USD conversion rate of USD 1 = PKR 59.610 has been used throughout for all calculations.

**It is proposed that this budget should come from a source such as the Export Development Fund (EDF), which is collected by Government to support exports.** The EDF is levied at 0.25 % (recently raised to 0.75%) of Exports. Exports are estimated at US\$14 billion per year.

## VI. Next steps

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It is proposed that ITC initiate the following actions, in order to move this module of the project forward:

### Agreement to ITC's recommendations

In order to move the WTO cell within EPB forward in a sustainable way, agreement should be sought in principle and received from the appropriate level within the Ministry of Commerce to ITC's major recommendations for the WTO cell. The response by the GOP to this request should determine the future level of EC/ITC support to Module E 1 of the project.

### Survey of selected other WTO cells within TPOs

ITC will immediately undertake a survey of a selection of leading trade promotion organizations (TPOs) around the world to determine how they service exporter's needs for support on WTO issues. Where appropriate this survey will be broadened to WTO Reference Centres and other national trade support institutions.

It is envisaged that this survey will facilitate the preparation of the preliminary outline of an appropriate strategy, structure, services and resources needed for a WTO cell. This can be used to strengthen preparation of a model for developing recommendations for the WTO cell within EPB in Pakistan.

### "Blueprint" of the WTO cell

ITC will prepare a "blueprint", including a strategy, structure, services and budget for the WTO cell. This will include proposals for the integration of the WTO reference centre(s) into the WTO cell.

### Further consultations in Pakistan

Following the development of this "blue print", ITC will hold further consultations with the EPB, Ministry of Commerce, exporters (or their representatives) and the EC in Pakistan to agree the "blue print" for the WTO cell and the details of further technical support to bring the cell fully into operation.

### Full programme of technical support

Once the above steps have been successfully completed, the ITC will be well placed to deliver a full programme of technical support to the business community through an established and fully operating WTO cell.



## Annex 1 – Meetings and persons met by ITC mission

Date	Name of institution	Name of person	Position
<b>Karachi</b>			
27 June	Federation of Pakistan Chambers of Commerce and Industry (FPCCI)	Dr. Khalid Amin	Secretary General
	Karachi Chamber of Commerce & Industry	Dr. Khalid Firoz (Beverages, Pepsi etc.) Mr. Mohammad Ibrahim Kasumbi (petrochemicals) Mr. Mahammad Naqi Bari (textiles) Mr. Sultan Mahmood	President Member Managing Committee; Chairman, Taxation Sub-Committee Member Managing Committee; Chairman, Industry and Privatization Sub-Committee Member Managing Committee; Chairman, Customs & Anti Smuggling Sub-Committee
28 June	Export Promotion Bureau (EPB)	Dr. Yousaf Junaid Ms. Rubina Ghangloro Mr. Naveed Sharfi	Director Assistant Director (WTO) Librarian
	National Institute of Public Administration Cabinet secretariat	Mr. Syed Abu Ahmad Akif	Chief Instructor, Establishment Division
29 June	Bari Mills M. Yahya M. Yousuf Bari	Mr. M. Nasir Salam	General Manager
		Mr. Syed Masroor Hasan	Marketing Manager
		Mr. Syed Muhammad Ali	QMR (Group) Quality Assurance Manager
		Mr. M Naqi Bari	One of owners

<b>Date</b>	<b>Name of institution</b>	<b>Name of person</b>	<b>Position</b>
<b>Lahore</b>			
30 June	Small and Medium Enterprise Development Authority (SMEDA)	Mr. Anjum Ahmad Mr. Imran Chaudhry  Mr. Salman Khalid Mr. Tariq Murtaza Ms. Aisha Amjad	Director, Special Projects Manager, Donor Coordination & International Linkages Project Manager, Industrial Information Network Assistant Manager, e-Business Services Assistant Manager, Policy Planning & Advocacy
	Lahore Chamber of Commerce & Industry (LCCI)	Mr. Mian Misbah-ur-Rebman Engr. Sohail Lashari Mr. Sheikh Mohammad Arshad Mr. Aftab A. Vohra  Mr. Majid Abdullah (Flour mills & Foods)	President Senior Vice President Vice President Member, Executive Committee; Standing Committee on Customs & Ports Member, Executive Committee
	Planning & Development Department, Government of the Punjab	Mr. Inaamul Haque	Chairman, Economic & Social Policy Planning Cell; Adviser WTO
<b>Islamabad</b>			
1 July	Delegation of the European Commission to Pakistan	Mr. Ilkka Uusitalo Mr. Michael Dale Mr. Husnain A. Iftakhar	Ambassador, Head of Delegation Counsellor, Head of Operations Economist, Economic & Trade Section Officer
	Ministry of Commerce	Mr. Qasim M. Nias	Joint Secretary, WTO Cell
	EC TRTA National Programme Office, Pakistan	Mr. Arif Ahmed Khan Mr. Usman Ahmed Khan	National Programme Coordinator National Programme Associate

## Annex 2 – Differences may delay EPB restructuring

# Differences may delay EPB restructuring

By Mubarak Zeb Khan

DAWN — Business Page 26/06/05

ISLAMABAD, June 25: The government is likely to miss the deadline of the re-structuring of the Export Promotion Bureau (EPB) owing to differences of the bureau chairman and commerce ministry over the proposed new organizational structure.

Well-placed sources told *Dawn* on Friday that the government had fixed June 30 for the finalization of the restructuring plan of the EPB to make it an effective tool for promotion of goods, services abroad and facilitating exporters.

The sources said that due to the alleged differences between EPB chairman and commerce ministry officials over the three proposals worked out for

the re-organization of the EPB would delay the implementation process, which was scheduled to start from July 1, 2005.

When contacted on telephone Commerce Minister Humayun Akhtar Khan told *Dawn* that various options were ready for the restructuring of the EPB, which he said would be given final touches next month.

However, he did not mention the exact time of finalizing the proposals that would be subsequently approved by the prime minister.

Following the abolishment of textile quota since January 1, 2005, it has been decided to reorganize the function of the EPB according to the need of the

trade. In the quota regime, around 80 per cent of the EPB work was consumed only in textile related quotas.

It was proposed to convert EPB into Trade Development Authority of Pakistan (TDAP) with a Policy Board and a TDAP Board.

Besides the TDAP, a Guarantee Limited Company will be established, which will initially be assigned, on behalf of the TDAP, the task of managing exhibitions, delegations, promotion (local and abroad), Expo Centre Karachi and all research to be undertaken by TDAP.

According to the sources, the EPB chairman wanted to head these two organizations at one time with complete

autonomy. While the commerce ministry wanted to post another senior official to head the proposed company.

“The commerce minister is seemed helpless to resolve the issue in the interest of the exporters”, the sources said.

Elaborating the proposed restructuring plan of the EPB, the sources said that the policy board of TDAP would consist of 20 members and chaired by the commerce minister. The functions of this board were to be reviewed by the EPB chairman. It was to be noted that the policy board would be separate from the TDAP board, added the sources.

The TDAP board would consist of Minister of State and Chairman (of cur-

rent EPB) who will also be the CEO; member of the board will be the heads of the operational division; there will be a Chief Operating Officer (COO) of TDAP who will be a Grade-21 officer of the government of Pakistan.

The chairman, CEO and COO of the TDAP will also perform the functions of the Chairman, CEO and the COO of the Guarantee Limited Company, a separate entity from TDAP. The Board of the Guarantee Limited Company will be the Policy Board of TDAP with the Member for Commerce as its chairman.

The company staff will be commercially hired and will be all from private sector with the approval of its chairman.



## Annex 3 – Criteria for institutional assessment

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The five criteria used are:

### **1. Mandate or purpose to deliver essential, demanded trade support services to a recognised constituency of clients**

This might be evidenced by:

- Services already being delivered, or planned;
- Essential services for government (e.g. statistics, planning, policy, etc.);
- Essential services for the business community (e.g. exporters or would-be exporters);
- Services that are needed and demanded, rather than supply driven;
- Number of members or client base.

### **2. Adequate resource base**

Indications of this would be:

- Number and location of offices;
- Budget: source and level;
- Staff: levels, skills and experience;
- Facilities: premises and equipment;
- Outreach of current services.

### **3. Organisational and managerial capacity**

Particularly important indications of this criteria are:

- Management control;
- Reporting structure;
- Sufficiently dynamic leadership;
- Sufficiently modern concepts of management and organisation, e.g. a vision, strategy, work programme;
- Ability to generate resources for growth and development;
- Flexibility to adapt and develop (e.g. based on mandate, resources, structural or other constraints).

### **4. Commitment to or willingness for capacity building**

This is the extent to which an institution is committed to or willing to actively participate in any subsequent “full scale” project and to develop its capacity. This might be indicated by:

- Expressed demands;
- Willingness to contribute and assign resources, staff, time etcetera;
- The degree of priority attached to this activity.

## **5. Ongoing or planned donor support by others**

Here the need is to identify the extent to which the institution's resources are already committed to other donor-supported activities, which might result in duplication or direct conflict. This would be evidenced by:

- Other donor support;
- The level;
- The prospect of conflict.

## Annex 4 – Institutional assessment

Institution	1. Mandate	2. Resource base	3. Capacity	4. Commitment	5. Donor support
<b>Group 1 - Ministries and Government Agencies</b>					
<p><b>WTO Cell, Export Promotion Bureau (EPB)</b>  <a href="http://www.epb.gov.pk">www.epb.gov.pk</a></p>	<p><i>Established by:</i> Government of Pakistan, under the Ministry of Commerce.  <i>When:</i> 3 years ago.  <i>Duties/Services of WTO Cell:</i></p> <ul style="list-style-type: none"> <li>i. Awareness seminars for 50-60 persons;</li> <li>ii. Duty-tax remission;</li> <li>iii. Gender awareness campaign of WTO,</li> <li>iv. Inputs for trade policy initiatives.</li> </ul> <p><i>Membership:</i> None, government responsibility.</p>	<p><i>Offices:</i> in Karachi and 3 big cities – Lahore, Islamabad and Faisalabad – and many sub-regional offices.  <i>Budget:</i> from Government – Export Development Fund, currently estimated at \$575 million.  <i>Staff:</i> 590-612, mainly in Karachi 360-412.  <i>English:</i> widespread  <i>Facilities:</i> good building, but needs refurbishing; work stations with Internet access and Intranet.  <i>Outreach:</i> Through branches and working with Chambers.            Also, Reference Centre, currently part of the library information complex.</p>	<p><i>Management control:</i> Chairman and Vice-chairman, the latter being the CEO, Several Director Generals and Directors.  <i>Leadership:</i> comes from the Chairman and the Vice-Chairman.  <i>Objectives:</i> N/A.  <i>Flexibility:</i> subject to Government policy decisions, but uncertainty pending restructuring for some years.</p>	<p><i>Expressed:</i> yes, aware of the need to restructure.  <i>Of resources:</i> yes, provided decision is made.  <i>Priority:</i> yes, but waiting for clarification of situation with Bureau.</p>	<p><i>Other:</i> N/A.</p>
<p><b>Small and Medium Enterprise Development Authority (SMEDA)</b>  <a href="http://www.smeda.org.pk">www.smeda.org.pk</a></p>	<p><i>Established by:</i> Ministry of Industries and Production.  <i>When:</i> October 1998.  <i>Duties/Services:</i> focus on providing business development services to small and medium enterprises; an SME policy-advisory body for the government of Pakistan; and a one-stop-shop for its SME clients.  <i>Membership:</i> None: national responsibility, approximately 3.2 million enterprises in Pakistan.</p>	<p><i>Offices:</i> Lahore and 4 provincial help desks.  <i>Budget:</i> PKR110 million (2004); PKR150 million (2005) requested from Government; also fees charged for some enterprise-specific services.  <i>Staff:</i> 140 – 70 at head office. 2 yr contracts, competitive salaries.  <i>English:</i> widespread.  <i>Facilities:</i> good, modern  <i>Outreach:</i> through website, projects – workshops, seminars, studies -.</p>	<p><i>Management control:</i> 12 board members: 6 each from the private and public sectors;  <i>Reporting structure:</i> CEO and management to the Board;  <i>Leadership:</i> The CEO is a civil servant appointed by Ministry, but culture is businesslike.  <i>Objectives:</i> to develop the SME sector in Pakistan: develop policy, identify business opportunities, maintain a database, undertake sector studies, pre-feasibility studies, business plans</p>	<p><i>Other:</i> yes, ITC (Cecrets series); ILO – creating a conducive environment for micro-business (01/02), also law revision – reducing 70 labour laws to 6; World Bank: Investment climate assessment; value chain assessment in 6 sectors – dairy, auto – car bumpers, shrimp, jeans, apple juice, IFC: How to upgrade Business Membership Organisations (BMOs).  <i>Of resources:</i> yes.</p>	<p><i>Other:</i> no specific information but benchmarked against Kuwait, Hong Kong and Singapore.</p>

Institution	1. Mandate	2. Resource base	3. Capacity	4. Commitment	5. Donor support
			<i>Flexibility:</i> yes.	<i>Priority:</i> high. <b>Needs identified:</b> Advocacy and coordination, EPB should be more proactive, better private/public coordination	
<b>WTO Unit, Ministry of Commerce</b>	<i>Established by:</i> Government. <i>When:</i> N/A. <i>Duties/Services:</i> Main contact point for EC/ITC programme Mainly concerned with trade negotiations – bi-lateral and multilateral. Main source of WTO information for public and private sector. <i>Membership:</i> None: national responsibility.	<i>Office:</i> Islamabad. <i>Budget:</i> from central Government. <i>Staff:</i> N/A; <i>English:</i> widespread; <i>Facilities:</i> reasonable government offices in relatively new capital city. <i>Outreach:</i> Often invited to speak at seminars and workshops.	<i>Management control:</i> Government hierarchy. <i>Reporting structure:</i> N/A; <i>Leadership:</i> Minister <i>Objectives:</i> N/A <i>Flexibility:</i> yes	<i>Expressed:</i> yes. <i>Of resources:</i> yes. <i>Priority:</i> very high. <b>Needs identified:</b> Recognises need for restructured EPB, but no clear indication of agenda.	<i>Other:</i> N/A
<b>Group 2 - Non-governmental TSIs and sector associations</b>					
<b>Karachi Chamber of Commerce and Industry</b> <a href="http://Karachichamber.com">http://Karachichamber.com</a>	<i>Established by:</i> An amalgamation of 4 trade bodies <i>When:</i> 1950, reorganized in 1961. <i>Duties/Services:</i> traditional chamber duties, including certification, seminars, workshops, t An amalgamation of 4 trade bodies raining. <i>Membership:</i> 13,000 members – 600 multi-nationals -, associations and industrial zones, representing perhaps 50,000 enterprises – bigger membership than all 42 chambers combined!	<i>Office:</i> office in Karachi. <i>Budget:</i> from member's fees and services – certification, visa recommendations. <i>Staff:</i> 85. <i>English:</i> widespread. <i>Facilities:</i> moderate. <i>Outreach:</i> A number of sub-committees- WTO, Income Tax, Sales Tax, Exports, Imports - headed by management committee member and with 25-30 members in each group.	<i>Management control:</i> yes. <i>Reporting Structure:</i> 30 members of managing committee & 1 president – all elected (2 yr terms). <i>Leadership:</i> comes from the management. <i>Aim:</i> to be the representative of the business community with government <i>Flexibility:</i> yes.	<i>Expressed:</i> yes. <i>Of resources:</i> it seems to have human and financial resources, but no clear trade development strategy. <i>Priority Needs:</i> Less documentation; trade information; simpler labour laws; lower freight and energy costs; Information on WTO issues; incubation of new sectors; EPB needs to be more proactive.	<i>Other:</i> Yes, planning a twinning arrangement with Birmingham and Naples Chambers.
<b>Federation of Pakistan Chambers of Commerce &amp; Industry</b>	<i>Established by:</i> Mr G. Allana <i>When:</i> 1949, reorganized in 1960. <i>Duties/Services:</i> to aid the development of industry, trade and investment; to develop a	<i>Office:</i> head office in Karachi and sub-offices in Lahore and Islamabad. <i>Budget:</i> from member's fees and services - events, exhibitions,	<i>Management control:</i> yes. <i>Reporting Structure:</i> N/A <i>Leadership:</i> comes from the management.	<i>Expressed:</i> yes. <i>Of resources:</i> N/A. <i>Priority:</i> High priority <b>Needs identified:</b> No real	<i>Other:</i> N/A

Institution	1. Mandate	2. Resource base	3. Capacity	4. Commitment	5. Donor support
<a href="http://www.fpcci.com">www.fpcci.com</a>	<p>common private sector perspective and liaise with counterpart bodies abroad; and to promote and facilitate member's interests through advocacy.</p> <p><i>Membership:</i> 350 sector associations and chambers. (70% of domestic industry is Karachi based).</p>	<p>foreign delegations, rental of building space.</p> <p><i>Staff:</i> 68.</p> <p><i>English:</i> widespread.</p> <p><i>Facilities:</i> reasonable.</p> <p><i>Outreach:</i> Through members and branches. Very "political" organisation.</p>	<p><i>Aim:</i> to be the national apex body on trade and industry.</p> <p><i>Flexibility:</i> yes.</p>	<p>resource base on WTO;</p> <p>Cannot rely on EPB, restructuring is likely to be a slow process.</p>	
<p><b>Lahore Chamber of Commerce &amp; Industry</b></p> <p><a href="http://www.lcci.org.pk">www.lcci.org.pk</a></p>	<p><i>Established by:</i></p> <p><i>When:</i> 1923 – N. Indian Chamber; reorganized in 1947 and finally in 1960.</p> <p><i>Duties/Services:</i> Research and Development; total quality management; News and magazine; traditional chamber duties.</p> <p><i>Membership:</i> 15000.</p>	<p><i>Office:</i> in Lahore.</p> <p><i>Budget:</i> from member's fees, certificates of origin, services, rental property, 400 bed hospital.</p> <p><i>Staff:</i> 110.</p> <p><i>English:</i> widespread.</p> <p><i>Facilities:</i> excellent.</p> <p><i>Outreach:</i> Very active in many areas, including regular training schedule.</p>	<p><i>Management control:</i> yes.</p> <p><i>Reporting Structure:</i> 27 elected members, including the President and vice-President</p> <p><i>Leadership:</i> comes from the management.</p> <p><i>Aim:</i> to be the information source for the business community and to involve them in Chamber activities.</p> <p><i>Flexibility:</i> yes.</p>	<p><i>Expressed:</i> yes.</p> <p><i>Of resources:</i> it seems to have human and financial resources, but no clear trade development strategy.</p> <p><i>Priority:</i> N/A</p> <p><b><i>Needs identified:</i></b> Better and more timely information.</p>	<p><i>Other:</i> No</p>



## Annex 5 – Organization chart

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