

NOTIFICATION UNDER ARTICLE 5.1 OF THE AGREEMENT
ON TRADE-RELATED INVESTMENT MEASURES

Pakistan

The following communication, dated 30 March 1995, has been received from the Permanent Mission of Pakistan.¹

(i) **Description of the Measure and of its Main Features**

1. The category in the illustrative list under which the measure falls

Pakistan's programme generally named as the Indigenization/Deletion Policy may appear to fall under paragraph 1(a) of the Illustrative List in the Annex to the Agreement on TRIMs.

The programme is designed as a framework for providing incentives to promote the establishment and development of industries in the country. It is aimed at facilitating the exploitation of available resources and transfer of technology; at promoting linkages between large-, medium- and small-scale industries; and at safeguarding the external financial position of the economy.

Industrial enterprises which elect to opt for the deletion programme are entitled to import prescribed components and parts, for the assembly and manufacture of specific items, at concessionary rates of import tariff. Enterprises which do not opt for the scheme have to pay the normal rates of tariff. Under the programme, specific time schedules are laid down for various industrial sectors during which the concerned enterprises should progressively increase the use of domestically produced components and parts. The schedules are established in consultation with the enterprises concerned and the related vendor industries, and take into account the potential of the local industrial base, the availability of technical know-how in the country, and the facility with which the transfer of technology could be arranged from abroad.

There is no compulsion for an enterprise to follow the deletion programme. In case it does opt for the programme, it is entitled to the concessionary tariff rates.

¹The replies in this notification follow the order of the agreed format for notifications under Article 5.1, contained in document G/TRIMS/1.

2. Whether the TRIM is applied by the government of the Member under discretionary authority of mandatory legislation. In the former case, each specific application shall be notified and enterprises subject to the measure identified

The deletion programme is implemented under the statutory authority vested in the Federal Government under the Customs Act and the Sales Tax Act.

3. Where the TRIM is general in nature, the criteria for determining to which enterprises it applies in sufficient detail to enable those enterprises to be identified

As stated under (1) above.

4. Where the TRIM is applied pursuant to mandatory legislation, whether the legislation requires the measure to be applied to new enterprises or new investments of existing enterprises

As stated under (2) above, the programme is implemented under the statutory authority vested in the Federal Government under the Customs Act and the Sales Tax Act. The new as well as the existing enterprises can take advantage of the programme.

5. Whether compliance with the measure by the enterprise is (a) mandatory or enforceable under domestic law or administrative rulings or (b) necessary to obtain an advantage. In the latter case, the nature of the advantage should be described

Compliance with the programme is required to avail of the concessionary rates of tariff for the import of specified components and parts.

6. When the TRIM relates to specific products, sufficient detail on these products to define the scope of the measure

The programme encompasses the engineering, electrical goods and automobiles industries.

7. The date of implementation of the TRIM and the nature of any modification of the TRIM effected within 180 days prior to the entry into force of the WTO Agreement

The programme is in effect since August 1987 without any substantial modification.

8. Whether the TRIM, as applied under domestic law, includes provision for its phasing-down and/or elimination. If so, details should be given

The programme does not specify a phasing-down provision.

9. The domestic law, regulation or administrative guideline under which the TRIM is applied; a copy should be submitted to the Secretariat to be available for inspection by interested members

The regulations relating to the programme are freely available to the interested enterprises.

10. The level of government applying the TRIM, the name of the implementing agency and any information on the procedures governing its application necessary to enable its nature and scope to be understood

The Ministry of Industries and Production of the Federal Government is responsible for overseeing its implementation. An Indigenization Committee consisting of representatives from the Ministries of Industries and Production, Commerce, Finance/Central Board of Revenue and Defence Production, and of the relevant vendor associations and the enterprises concerned, is responsible for formulating the programme.

(ii) **General Information on the Programme in Question**

The programme facilitates the Government's efforts aimed at raising standards of living, ensuring increased employment opportunities, and a steadily growing volume of real incomes.