

# **WORKSHOP ON SIMPLIFICATION AND HARMONIZATION OF RULES OF ORIGIN**

---

**Bangkok  
20<sup>th</sup> March 2008**

**by  
S. Anjum Bashir  
Joint Secretary  
Ministry of Commerce  
Islamic Republic of Pakistan**

---

Disclaimer: The views expressed in this paper are the views of the author and do not necessarily reflect the views or policies of the Asian Development Bank Institute (ADBI), the Asian Development Bank (ADB), its Board of Directors, or the governments they represent. ADBI does not guarantee the accuracy of the data included in this paper and accepts no responsibility for any consequences of their use. Terminology used may not necessarily be consistent with ADB official terms.

---

# **WORKSHOP ON SIMPLIFICATION AND HARMONIZATION OF RULES OF ORIGIN**

---

## **Sequence of Presentation;**

- Introduction
- Scope and Objective;
- Rules of origin for Operational FTAs/PTAs;
- Rules of Origin for FTAs/PTAs under process;
- Rules of Origin for FTAs/PTAs under negotiation;
- Rules of Origin Comparison for Operational FTAs/PTAs

# **TRADE DIPLOMACY OF PAKISTAN**

---

- Multilateralism has been a preferred option for Pakistan**
- Pakistan was founding member of GATT 1947 and participated in all rounds of negotiations for tariff reduction**
- Pakistan is also a founding member of WTO since January 1995**

# **TRADE DIPLOMACY OF PAKISTAN**

---

- Shift in emphasis from multilateralism to bilateralism/regionalism due to stalemate in the implementation of the Doha Development Agenda (DDA).**
- Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) are the preferred option.**

# TRADE DIPLOMACY OF PAKISTAN

---

## SCOPE & OBJECTIVES

- ❑ **Seek enhanced market access**
- ❑ **Facilitate and promote trade, investment and economic development**
- ❑ **Enhance competitiveness of exports through tariff reduction**
- ❑ **Build capacity in specific targeted areas through technical cooperation and collaboration**
- ❑ **Encounter tariff barriers created by regional and bilateral Arrangements for third parties-- EU-India FTA implications for Pakistan.**

# **RULES OF ORIGIN**

---

**FOR PAKISTAN'S  
OPERATIONAL/  
UNDER PROCESS  
FTAS/PTAS**

# **RULES OF ORIGIN**

---

- No Law on Rules of Origin
- Negotiated on case to case basis
- Fully participating in WTO exercise on harmonization of Rules of Origin
- Operational procedure – simple through Certificate of Origin
- Certificate of Origin issued by Chambers – Registration not required with Government

# Pak-China FTA

---

**□ Pak-China FTA is effective from 1<sup>st</sup> July 2007.**

**□ Origin criteria:**

- Product must be wholly obtained in the exporting country.**
- In case the product incorporates imported components, value addition in exporting country should not be less than 40% of its FOB value.**
- Product specific rules being worked out.**

# South Asian Free Trade Agreement (SAFTA)

---

- SAFTA Agreement is operational since 1<sup>st</sup> January 2006**
  
- Origin criteria:**
  - Product must be wholly obtained in the exporting country.**
  - In case the product incorporates imported components, the following conditions must be met:**
    - Value addition in exporting country should not be less than 40% (30% for LDCs) of its FOB value.**
    - Change in tariff heading at 4 digits.**
    - Product specific Rules agreed for 191 tariff lines with the criteria of change in tariff sub-heading plus value addition of 30/40%.**

# Pakistan-Sri Lanka FTA

---

- ❑ **Pak-Sri Lanka FTA operational since June 2005.**
- ❑ **Origin criteria:**
  - **Product must be wholly obtained in the exporting country.**
  - **In case the product incorporates imported components, the following conditions should be met:**
    - **value addition in exporting country should not be less than 35% of its FOB value.**
    - **Change of tariff heading at 6-digit H.S. level.**

# Pak-Malaysia FTA

---

- **Pak-Malaysia FTA is operational since January 1, 2008.**
- **Origin criteria:**
  - **Product must be wholly obtained in the exporting country.**
  - **In case the product incorporates imported components, value addition in exporting country should not be less than 40% of its FoB value.**
  - **Product specific rules involving a change in tariff heading or sub-heading.**

# Pak-Mauritius PTA

---

□ **Pak-Mauritius PTA was signed on 30<sup>th</sup> July 2007 and is operational since 30<sup>th</sup> November 2007. The PTA will be converted into FTA within 18 months.**

□ **Origin criteria:**

- **Product must be wholly obtained in the exporting country.**
- **In case the product incorporates imported components, value addition in exporting country should not be less than 25% of its FOB value.**

# PAK-IRAN PTA

---

- **The PTA became operational from 1<sup>st</sup> September 2006. Pakistan has offered concessions to Iran on 338 tariff lines, whereas Iran gave concessions on 309 tariff lines.**
  
- **Origin criteria:**
  - **Product must be wholly obtained in the exporting country.**
  - **In case the product incorporates imported components, their value should not exceed 50% of the FOB value of the product.**

---

# **RULES OF ORIGIN IN PAKISTAN'S FTAS/PTAS UNDER PROCESS**

# ECO Trade Agreement

---

- ❑ **ECOTA was signed by 5 out of 10 ECO Member countries on 17<sup>th</sup> July, 2003 in Islamabad. The 5 signatory Members of ECOTA are Pakistan, Afghanistan, Tajikistan, Turkey and Iran. It shall become operational when 5 countries have ratified it.**
  
- ❑ **Origin criteria:**
  - **Product must be wholly obtained in the exporting country.**
  - **In case the product incorporates imported components, their value should not exceed 60% of the FOB value of the product.**

---

# **PAKISTAN'S FTAS/PTAS UNDER NEGOTIATION**

# **FTAs PTAs Under Negotiations**

---

- Pak-Bosnia PTA**
- Pak-Serbia PTA**
- Pak-European Free Trade Association  
(EFTA) FTA**
- Pak-Bangladesh FTA**
- Pak-Thailand FTA**

## Rules of Origin Comparison for Operational FTAs/PTAs

<b>FTA/PTA</b>	<b>VALUE ADDITION</b>	<b>CTH</b>
<b>Pak-China FTA</b>	<b>40%</b>	<b>Being worked out</b>
<b>Pak-Sri Lanka FTA</b>	<b>35%</b>	<b>CTSH at 6-digits</b>
<b>SAFTA</b>	<b>40% (30% for LDCs)</b>	<b>CTH at 4-digits</b>
<b>Pak-Malaysia FTA</b>	<b>40%</b>	<b>CTSH at 6-digits or CTH at 4-digits.</b>
<b>Pak-Mauritius PTA</b>	<b>25%</b>	<b>Nil</b>
<b>Pak-Iran PTA</b>	<b>50%</b>	<b>Nil</b>

---

**THANK YOU**