

GSP+ AND PAKISTAN'S EU EXPORT OPPORTUNITIES: A BUSINESS GUIDE

TRADE RELATED TECHNICAL ASSISTANCE PROGRAMME



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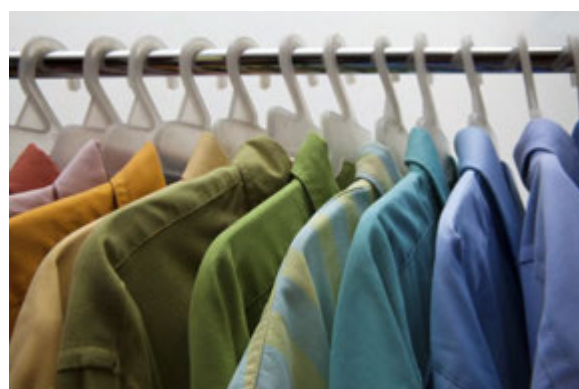
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INTRODUCTORY ISSUES

What is the GSP? What differentiates the GSP+ scheme?

The EU's Generalised Scheme of Preferences (hereinafter, GSP) is a system of unilateral trade concessions that reduces or eliminates tariffs on a range of exports from developing countries and least-developed countries.¹ The GSP is used to increase export revenue in developing countries in order to reduce poverty and promote sustainable development and good governance. The GSP preferential arrangements focus solely on granting tariff preferences for trade in goods.

The EU's GSP has been in place since 1971, although it has periodically been subject to reviews of varying depth and extent. Most changes affected, in relevant part, issues related to the GSP's product coverage, quotas, ceilings, administration, beneficiaries and depth of tariff cuts. The architecture of the scheme has also undergone significant changes over time.

The GSP is consistent with the World Trade Organization's (*i.e.* WTO) 1979 '*Enabling Clause*', which operates as an exception to one of the pillars of the WTO system (*i.e.* the most-favoured nation obligation), allowing developed countries to grant differential and more favourable tariff treatment to imports from developing countries.

In its current form, the EU's GSP foresees three types of preferential arrangements: a general arrangement (for developing countries matching certain eligibility criteria) and two special arrangements (*i.e.* a special incentive arrangement for sustainable development and good governance or 'GSP+'; and a special arrangement for least-developed countries, known as the '*Everything But Arms*' arrangement, hereinafter '*EBA*').

The general arrangement

Under the general arrangement (*i.e.* GSP), duty reductions apply to around 66% of the tariff lines of the EU's Combined Nomenclature (hereinafter, CN), as listed in Annex V to the GSP Regulation. The list of countries that are beneficiaries of the general arrangement is set out in Annex II to the GSP Regulation.²

In order to benefit from the general arrangement, an eligible country³ must satisfy two requirements:

- The country must not have been classified by the World Bank as a high-income or upper-middle income country during the last three consecutive years; and
- The country must not benefit from a preferential market access arrangement with the EU providing equal or larger tariff preferences than the general arrangement, for substantially all trade (such as free trade agreement partners or overseas territories).

The tariff preferences operate according to a system of tariff modulation (*i.e.* the reduced rates of duty according to product sensitivity). In particular, duties are entirely suspended for products classified as non-sensitive. For sensitive products, *ad valorem* duties are reduced by 3.5%, and by 20% in the case of textile and clothing products. Specific duties (other than minimum and maximum duties) on sensitive products are reduced by 30%.

Tariff preferences are subject to sector graduation, which means that preferences will be suspended in cases where the average value of EU imports of a given product over three consecutive years exceeds 17.5% of the total EU imports of that product from all GSP beneficiaries. This threshold is set at 14.5% with respect to textile and clothing

¹ A consolidated version of the EU GSP Regulation is available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02012R0978-20140228&from=EN>.

² Currently, 26 countries export to the EU under the terms of the general arrangement: China (People's Republic of), Colombia, Congo (Republic of), Cook Islands, Honduras, India, Indonesia, Iraq, Kirghizstan, Maldives, Marshall (Islands), Micronesia (Federate States of), Nauru, Nicaragua, Nigeria, Niue, the Philippines, Sri Lanka, Syrian (Arab Republic), Tajikistan, Thailand, Tonga, Turkmenistan, Ukraine, Uzbekistan, Vietnam.

³ Eligible countries are all developing countries listed in Annex I to the GSP Regulation, as last amended by Commission Delegated Regulation (EU) No. 1421/2013 of 30 October 2013 amending Annexes I, II and IV to Regulation (EU) No. 978/2012 of the European Parliament and of the Council applying a scheme of generalised tariff preferences, OJ L 355, 31/12/2013 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1421&from=EN>).

goods. On 17 December 2012, the European Commission (hereinafter, Commission) adopted a list of graduated sectors that apply for the period 2014-2016.⁴

The special incentive arrangement for sustainable development and good governance (GSP+)

Pakistan is a beneficiary of the special incentive arrangement for sustainable development and good governance, known as 'GSP+'. This arrangement, which provides for deeper tariff preferences, applies to GSP beneficiary countries⁵ that:

- Meet the economic vulnerability criteria indicated in Article 9(1)(a) and Annex VII of the GSP Regulation;⁶ and
- Have ratified and effectively implement the relevant 27 international conventions on human rights, environment and labour rights listed in Annex VIII to the GSP Regulation.

The status of beneficiary under the GSP+ is not automatic, but requires that a GSP beneficiary submits an application to that effect, and it is granted following an evaluation by the Commission of the compliance with the relevant conditions and requirements.

The GSP+ applies to substantially the same products as the GSP; however, the GSP+ arrangement makes no distinction between sensitive and non-sensitive products. Annex IX to the GSP Regulation, which concerns the product coverage of the GSP+, lists products at the two, four, six or eight-digit level, depending on the products concerned. Tariff modulation under the GSP+ entails that, where products are subject only to an *ad valorem* or a specific duty, this is entirely suspended. Where products are subject to duties with an *ad valorem* and a specific component, only the *ad valorem* duty is suspended.⁷ Moreover, sector graduation does not apply under the GSP+.

When did the EU grant Pakistan beneficiary status under the GSP+?

On 28 August 2013, the Commission adopted a regulation⁸ applying a scheme of generalised tariff preferences. The Annex to that regulation included a table listing the beneficiary countries of the special incentive arrangement for sustainable development and good governance (*i.e.* the GSP+), which included Pakistan. According to Article 2 of the relevant delegated regulation, GSP+ preferences entered into force on 1 January 2014.

What other countries are competing with Pakistan in this regime?

⁴ Commission Implementing Regulation (EU) No. 1213/2012 of 17 December 2012 suspending the tariff preferences for certain GSP beneficiary countries in respect of certain GSP sections in accordance with Regulation (EU) No. 978/2012 of the European Parliament and of the Council applying a scheme of generalised tariff preferences, OJ L 348, 18/12/2012 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012R1213&from=EN>).

⁵ Only countries that are already GSP beneficiaries are eligible for the GSP+ scheme: Article 9 of the GSP Regulation states that "[a] GSP beneficiary country may benefit from the tariff preferences provided under the special incentive arrangement for sustainable development and good governance if...". This means that any given country wishing to apply for GSP+ status must also not have been classified by the World Bank as a high-income or an upper-middle income country during 3 consecutive years immediately preceding the update of the list of beneficiary countries.

⁶ In particular, the country is required to comply with: (i) the non-diversification criterion (i.e. the country's seven largest sections of GSP-covered imports represent more than 75% in value of its total GSP-covered imports into the EU, as an average during the last three consecutive years); and (ii) the import-share criterion (i.e. the country's GSP-covered imports into the EU represent less than 2% in value of imports by all GSP beneficiaries, as an average during the last three consecutive years).

⁷ An exception to this rule is foreseen with respect to chewing gum classified under the EU's CN code 1704.10.90, for which the specific duty shall be limited to 16% of its customs value.

⁸ Commission Delegated Regulation (EU) No. 1/2014 of 28 August 2013 establishing Annex III to Regulation (EU) No. 978/2012 of the European Parliament and of the Council applying a scheme of generalised tariff preference (hereinafter, Commission Delegated Regulation No. 1/2014), OJ L 1, 4.1.2014 (available at http://trade.ec.europa.eu/doclib/docs/2014/january/tradoc_152057.pdf).

There are presently 13 countries that benefit from the EU's GSP+ scheme. They are listed in Annex III to the GSP Regulation.⁹ In addition to the 10 countries added to Annex III on 28 August 2013 (which included Pakistan), the Commission amended Annex III to the GSP Regulation to include 3 more beneficiaries, to which GSP+ applied starting on 28 February 2014.¹⁰ As a result, countries that have been granted beneficiary status under the EU's GSP+ currently include: Armenia, Bolivia, Costa Rica, Cape Verde, Ecuador, El Salvador, Georgia, Guatemala, Mongolia, Panama, Peru, Pakistan and Paraguay.

Accordingly, the countries listed above are all subject to the same trade benefits as Pakistan, and, therefore, compete with Pakistan for access to the EU's market. In addition to the 13 countries that currently benefit from GSP+, 49 least-developed countries currently benefit from the EBA preferential arrangement, and receive duty-free quota-free access to the EU market via that scheme.¹¹

When, if at all, does the GSP+ status for Pakistan expire?

There is no 'expiry' of the GSP+ status. However, the GSP Regulation provides for the possibility of removal or temporary withdrawal of countries from the GSP+ beneficiary status. In particular:

- The removal from the GSP+ scheme may take place if a country no longer fulfils the economic vulnerability criteria, or its obligations relating to reservations to the relevant international conventions, or if it withdraws any of its binding undertakings relating to ratification, effective implementation, acceptance of reporting requirements and cooperation with the monitoring procedure);¹² and
- The temporary withdrawal of the GSP+ scheme may occur where a country does not respect its binding undertakings related to the ratification and implementation of the relevant international conventions or it has formulated a reservation, which is prohibited by, or is incompatible with, the object or purpose of the conventions).¹³

The 27 conventions are organized in two parts. Part A lists 15 conventions dealing with '*core human and labour rights UN/ILO Conventions*' and Part B deals with 12 '*conventions related to the environment and to governance principles*'. The full list of conventions referred to in Article 9 of the GSP Regulation is found in Annex VIII of the GSP Regulation.¹⁴

Examples of just a few of the relevant conventions in Part A include the:

- Convention concerning Freedom of Association and Protection of the Right to Organise, No. 87 (1948);
- Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No. 100 (1951);
- Convention concerning the Abolition of Forced Labour, No. 105 (1957); and
- Convention concerning Minimum Age for Admission to Employment, No. 138 (1973).

Some of the conventions in Part B include the:

- United Nations Framework Convention on Climate Change (1992);

⁹ Annex III of the GSP Regulation is available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02012R0978-20140228&from=EN>.

¹⁰ *Commission Delegates Regulation (EU) No. 182/2014 of 17 December 2013 amending Annex III to Regulation (EU) No. 978/2012 of the European Parliament and of the Council applying a scheme of generalised tariff preferences*, OJ L 57, 27.2.2014 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0182&from=EN>).

¹¹ Under the EBA special arrangement, beneficiary countries enjoy duty-free access to the EU for all their products, except those classified under Chapter 93 of the EU's CN (which covers arms, ammunitions, etc.). Beneficiary countries under the EBA, which must have been identified as least-developed countries by the United Nations, are listed in Annex IV to the GSP Regulation. The Commission continuously reviews the list of beneficiary countries on the basis of the most recent available data.

¹² See Article 10(5) of the GSP Regulation.

¹³ See Article 15 of the GSP Regulation.

¹⁴ Available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02012R0978-20140228&from=EN>.

- Kyoto Protocol to the United Nations Framework Convention on Climate Change (1998);
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988); and
- United Nations Convention against Corruption (2004).

The GSP Regulation caters for specific mechanisms tailored to track the implementation of the conventions. In order to ascertain whether Pakistan continues to adhere to the conditions of sustainable development and good governance, the Commission will keep under review Pakistan's status as it pertains to the implementation of the relevant conventions by examining the conclusions and recommendations of the monitoring bodies established under the relevant international conventions. In this respect, Pakistan is required to co-operate with the Commission in supplying all the necessary information.¹⁵

By 1 January 2016, and every two years after that date, the Commission will present a report to the European Parliament and the Council regarding the status of ratification of the relevant conventions by Pakistan and Pakistan's compliance with the reporting obligations under those conventions and effective implementation thereof.¹⁶

The report will include the conclusions and recommendations of the relevant monitoring bodies, as well as the Commission's conclusion as to whether Pakistan has complied with the sustainable development and good governance conditions. In drawing its conclusions, the Commission will assess the conclusions and recommendations of the relevant monitoring bodies, as well as, without prejudice to other sources, information submitted by third parties.

In addition, the GSP Regulation includes instances of withdrawal that are common to all GSP arrangements:

- Temporary withdrawal mechanism in case of serious and systematic violations of core principles laid down in core human and labour rights conventions and obligations concerning the conservation and management of fisheries resources, as well as in case of unfair trading practices, *inter alia*; and
- Temporary withdrawal mechanism in cases of fraud or irregularities or failure to comply with, or to implement, the rules on the origin of the covered products, as well as to grant administrative cooperation to implement and police the preferential arrangements.

Businesses in Pakistan using the benefits of GSP+ status to export to the EU should note that it is the responsibility of the Pakistani Government to ensure that the terms and conditions, attached to the granting and maintenance of GSP+ beneficiary status by the EU, are effectively implemented and complied with throughout its territory and by its operators. Laws, regulations and enforcement schemes must be adopted and applied by the Government of Pakistan to that effect. However, businesses in Pakistan that export to the EU have a vested interest in ensuring that Pakistan complies with these requirements. As a result, it is still in the best interests of Pakistani exporters to take it upon themselves to maintain compliance with the 27 conventions outlined in Annex VIII of the GSP Regulation.¹⁷ This includes staying vigilant so as to ensure that their own businesses, as well as other Pakistan businesses, provide equal rights to male and female workers, do not employ underage persons, do not partake in forced or compulsory labour, do not operate in unsafe conditions and do operate in ways that are friendly to the environment. Exporters from Pakistan should consider implementing compliance mechanisms, including the employment of a compliance officer and/or the creation of a compliance department to ensure these requirements are being met.

To which products does the GSP+ scheme apply?

The products to which GSP+ applies are listed in Annex IX to the GSP Regulation, which is reproduced in Annex I to this Guide. The tariff reductions apply to 6,222 tariff lines, which cover approximately 66% of tariff lines of the

¹⁵ See Article 13 of the GSP Regulation.

¹⁶ See Article 14 of the GSP Regulation.

¹⁷ Available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02012R0978-20140228&from=EN>.

EU's CN. GSP+ includes approximately 70 more tariff lines than those covered by the GSP, including, in relevant part, duty-free preferences for a number of products considered sensitive by the EU.

GSP+ eligible products are grouped under 'Sections' and include (*inter alia*): certain agricultural products and fisheries; tobacco; products of cement; mineral fuels; chemical products; plastic, rubber, and articles thereof; raw hides and skins and leather; wood, cork, and articles thereof; textiles (including silk, wool, cotton, and other vegetable textile fibres, synthetic fibres), apparel, footwear, articles of stone, plaster, cement, asbestos; ceramic products, glass and glassware; articles of iron and steel, copper and articles thereof; certain nickel products; aluminium and articles thereof; lead, zinc and articles thereof; certain articles of base metals; nuclear reactors, boilers, machinery and mechanical appliances and parts thereof; electric machinery and equipment.

Which steps do operators need to take in order to benefit from the GSP+ scheme?

There are four main steps that operators need to take for purposes of exporting under the EU's GSP+ scheme. These are reproduced below.

Check the product eligibility under the EU's GSP+ scheme

Operators need first to establish the tariff classification of the product according to the EU's CN. The following step is to ascertain that the product is covered by the EU's GSP+ scheme, according to the list of covered products under Annex IX to the GSP Regulation.

Identify the correct GSP+ rate

Operators need to identify the conventional most-favoured-nation rate which applies to the product under the EU's TARIC,¹⁸ check the composition of the relevant duty (*i.e.* whether it is made of an *ad valorem* duty, a specific duty, or a combination of the two, as the GSP+ tariff suspension applies to the *ad valorem* part only where the duty is a combined duty) and apply the reduction granted.

Check the origin criteria

Operators need to ensure that the product concerned complies with the origin criteria applicable under the GSP Regulation (see question below for more details on the origin criteria).

Check the consignment conditions

Operators need to ensure that the modalities for the transport of goods from Pakistan to the EU's market fulfil the provisions laid down in the relevant EU's framework.

Prepare documentary evidence

Operators must fill-in the certificate of origin Form A or the invoice declaration correctly (see below for more details on the documentation required). These are the official documents on which the EU's customs authorities rely to grant the applicable tariff concessions to products.¹⁹

¹⁸ TARIC is the integrated tariff of the EU, published annually. It is based on the EU's CN and constitutes the basic nomenclature for the Common Customs Tariff as well as for trade statistics. The legal base of the TARIC is Council Regulation (EEC) No. 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 07/09/1987, as amended). The TARIC can be consulted at http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp.

¹⁹ This checklist has been prepared on the basis of the checklist drawn by UNCTAD in *Generalized System of Preferences, Handbook on the Scheme of the European Community*, New York and Geneva, 2008, p. xi.

How does the EU's framework relating to Rules of Origin work? Do producers have to prove that their products originated in Pakistan?

The rules of origin applicable under the GSP Regulation are contained in Articles 66-97w and Annexes 13a-d, 16-18 and 21 of Commission Regulation (EEC) No. 2454/93.²⁰ In accordance with the preferential rules of origin, products 'originate' from a country where they:

- Have been '*wholly obtained*' in that country (a criterion which applies mainly to things occurring naturally and to goods made entirely from them, such as minerals and agricultural products); or
- Are '*sufficiently worked or processed*' in that country. Depending on their classification under the EU's CN, products are subject to specific rules on the working or processing operations that confer them originating status.²¹ There are four different types of rules, notably: (i) the change of heading criterion; (ii) the value criterion; (iii) the specific process criterion; and (iv) where working or processing is carried out on certain '*wholly obtained*' materials.

The rules on the origin of products are subject to two main exceptions:

- Bilateral cumulation (where, provided certain requirements are met, materials originating in the EU (within the meaning of the EU's GSP rules of origin), and further worked or processed in a beneficiary country, are considered to originate in the beneficiary country); and
- Regional cumulation (in relation to the four regional groups recognised by the EU's GSP,²² materials originating in one country of the group, which are further worked or processed in another beneficiary country of the same group, are considered to originate in the latter country.²³

For Pakistan, the regional cumulation provision applies to '*Group III*', which includes:

- Bangladesh;
- Bhutan;
- India;
- Maldives;
- Nepal;
- Pakistan; and
- Sri Lanka.

In addition, according to the '*tolerance rule*', under certain circumstances, non-originating materials may be used in the manufacture of a given product even if the rule in the sufficient working or processing list is not fulfilled.²⁴

²⁰ Commission Regulation No. 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code, OJ L 253, 11.10.1993 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01993R2454-20140101&from=EN>), as amended, in particular by Commission Regulation (EU) No. 1063/2010 of 18 November 2010 amending Regulation (EEC) No. 2454/93 laying down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code, OJ L 307, 23.11.2010.

²¹ Annex 13a to Commission Regulation (EEC) No. 2454/93, *supra*.

²² Laid down in Commission Regulation (EEC) No. 2454/93, *see supra*.

²³ In addition to bilateral and regional cumulation, the rules of origin of products may also be subject to extended cumulation and cross-regional cumulation. Extended cumulation may apply between a GSP beneficiary country and a country with which the EU has a free trade agreement. Extended cumulation does not apply to products classified under Chapters 1-24 of the CN. Cross-regional cumulation allows for GSP beneficiary countries from neighboring regions (i.e. groups) to apply cumulation as though they were in the same region. For cross-regional cumulation to apply, the working and processing carried out may not go beyond minimal operations.

²⁴ In particular, for the '*tolerance rule*' to apply the total value of the non-originating products may not exceed: (i) 15% of the weight of the product for products falling within Chapters 2 and 4 to 24, other than processed fishery products pertaining to Chapter 16; and (ii) 15% of the ex-works price of the product for other products, except for products falling within Chapters 50 to 63 of the CN. In those chapters, relating to textiles, the tolerances mentioned in Notes 6 and 7 of Part I of Annex 13a apply (Part 1 of Annex 13a is attached as Annex II to this Guide). Additionally, the tolerance rule does not apply to products wholly obtained in a beneficiary country. However, without prejudice to the provisions concerning minimal operations and the unit of qualification (Article 78 and 80 (2) of Commission Regulation (EEC) No. 2454/93), the tolerance shall

Moreover, derogations from the rules of origin may be granted to beneficiary countries upon the Commission's initiative or in response to a request from the beneficiary country, in case of internal or external factors that temporarily deprive the country of the ability to comply with the applicable rules of origin where it could do so previously, or in case the country requires time to prepare itself to comply with the 'normal' rules of origin.

It is important to note that the products declared for release in the EU must be the same as those exported from the beneficiary country where they are considered to originate. Goods must undergo no alteration or transformation other than what is necessary to preserve the goods in good condition. Compliance with this requirement is considered satisfied unless the customs authorities have reason to believe the contrary. In such cases, the customs authorities may request the declarant to provide evidence of compliance, which may be given by any means, including contractual transport documents such as bills of lading or factual or concrete evidence based on marking or numbering of packages or any evidence related to the goods themselves.

Lastly, exporters need to ensure that they are able to submit documentary evidence on the proof of origin of the concerned goods to the relevant authorities within the prescribed timeframes. This may be shown presenting:

- The certificate of origin Form A;
- The Invoice Declaration; and
- The Movement Certificate EUR1.

The Form A and invoice declaration are used by importers in the EU for GSP imports as evidence in support of their request that the goods be imported at preferential rates of customs duty. The Form A is also used as evidence of origin for the purpose of applying the regional cumulation of origin provisions. The invoice declaration must also conform to a very precise formulation and may be used by exporters in beneficiary countries when exporting goods of a low value.

The movement certificate EUR.1 is used by exporters in the EU (as well as in Norway or Switzerland), when they send originating goods to beneficiary countries. EU exporters who are 'approved exporters' may use an invoice declaration (instead of a movement certificate EUR.1), when exporting materials or parts of EU origin to a GSP beneficiary country for incorporation into a product there for export to the EU as an originating product under the EU GSP. EU exporters who are not "approved exporters" may use an invoice declaration for low-value consignments only. Otherwise, they must use a movement certificate EUR.1.

It is important to note that, from January 1 2017, a system of registered exporters will apply. In particular, the new system will apply in the following cases:

- Originating goods exported by a registered exporter within the meaning of Article 92 of Commission Regulation (EEC) No. 2454/93; and
- In cases of any consignment of one or more packages containing originating products exported by any exporter, where the total value of the originating products consigned does not exceed EUR 6,000.²⁵

Consequently, the origin certificate forms that will be used prior to this date, such as those listed above, will be abolished.

It is important that exporters fully understand the conditions and implications of exporting under the EU's GSP regime. *Inter alia*, the customs authorities of the relevant EU Member States may require that further checks be carried-out on the consignments. If these post-exportation verifications show non-compliance of the exported goods with the applicable rules of origin, the importer will be required to pay the whole (non-preferential) duty, which may lead to, *inter alia*, claims of compensation for the exporter at the beneficiary country.

For more details on the rules of origin under the GSP, please consult "The European Union's rules of origin for the Generalised System of Preferences. A guide for users".²⁶

nevertheless apply to the sum of all the materials that are used in the working and processing of a product and when the rule laid down in the list in Annex 13a for that product requires that such materials be wholly obtained.

²⁵ Article 90 of Commission Regulation (EEC) No. 2454/93, *supra*.

²⁶ See http://ec.europa.eu/taxation_customs/resources/documents/guide-contents_annex_1_en.pdf, as updated on April 2014 and retrieved on 14 July 2014.

Does the EU have any special safeguard measures of which exporters from Pakistan should be aware?

As a general matter, exporters from Pakistan should be aware of the safeguard and surveillance provisions in Chapter VI of the EU's GSP Regulation. As stated in paragraph 1 of Article 22 of the Regulation, Common Customs Tariff duties may be reintroduced on a product originating from a beneficiary country if the product is *'imported in volumes and/or at prices which cause, or threaten to cause, serious difficulties to [EU producers] of like or directly competing products'*.

Special provisions relevant to exporters of apparel and readymade garments and ethanol

Section II of Chapter VI of the EU's GSP Regulation also contains special provisions to protect its textile, agriculture and fisheries sectors. There, the EU's GSP Regulation provides that on 1 January of each year, the EU Commission, on its own initiative, will remove the tariff preferences on textile products, as well as products falling under CN codes 2207.10.00, 2207.20.00, 2909.19.10, 3814.00.90, 3820.00.00 and 3824.90.97, if certain import conditions are present. Accordingly, these provisions are especially important to businesses in Pakistan that export apparel and readymade garments, as well as ethanol. Those conditions, as articulated in subparagraphs (a) and (b) of paragraph 1 of Article 29, include:

- An increase in quantity (by volume) of any relevant textile, agriculture or fisheries product from a beneficiary country of at least 13.5%, as compared to the previous calendar year; or
- For textile products (*i.e.* products found in Chapters 50-63 of the CN code), when the share of a textile product from a beneficiary country exceeds 14.5% of the value of the relevant textile product imported from all GSP and GSP+ beneficiary countries during any 12-month period.

These safeguards do not apply to EBA beneficiary countries. Additionally, the safeguard provisions only apply if the relevant product from the beneficiary country exceeds 6% of the total EU imports of that product.

What is the Single Administrative Document?

All traders importing goods into the EU must use the Single Administrative Document (referred to as the 'SAD') to clear customs in the relevant EU Member State. The SAD is a standardised import declaration form used by all EU Member States. Traders may submit the SAD on approved computer systems linked to the relevant customs authority or by providing it directly to the relevant customs office. Generally, three copies must be used. One copy is kept by the relevant customs authorities, the second copy is used for statistical purposes by the country of destination and the third copy is returned to the consignee after being stamped by the relevant customs authority.

The SAD allows traders to declare the following information at once:

- The identities and other relevant information concerning the importer, exporter, representative and other relevant parties;
- Treatment that has been approved by the relevant customs authorities (*e.g.* release for free circulation, release for consumption, temporary importation, transit, etc.);
- Information on the goods being traded, such as the CN code, weight, units, location and packaging;
- Information on the means of transport used by the trader;
- Data regarding the country of origin, country of export and destination;

- Commercial and financial information (e.g. incoterms, invoice value, invoice currency, exchange rate, insurance etc.);
- A list of SAD-related documents (e.g. import licenses, inspection certificates, document of origin, transport document, commercial invoice, etc.); and
- The declaration and method of payment of import taxes (e.g. tariff duties, VAT, excises, etc).

Are there any expenses that should be considered in addition to the tariff duty?

In addition to the payment of the relevant import duty, businesses exporting to the EU should be aware of additional expenses they may need to incur in order to place their products on the EU market. In particular, traders are likely to find that they need to pay value-added taxes (hereinafter, VAT) as well as excise duties.

A VAT is a general consumption tax assessed on the value added to goods and services. It applies more or less to all goods and services that are bought and sold for use or consumption in the Community. The rationale for a VAT is that they keep the system fair for EU producers, allowing them to compete on equal terms on EU market with third country producers. Taxable exporters registered for VAT are allowed to deduct the payment on their VAT return.

Excise duties are indirect taxes on the consumption or the use of a product. In contrast to VAT, excise duties are specific taxes and thus expressed as a monetary amount per quantity of the product. Typically products usually subject to an excise duty include alcoholic beverages, tobacco products and energy products (such as fuel).

What domestic Pakistani documents are required of traders exporting to the EU?

In coordination with the documents required in the SAD, as addressed in Question 8 above, exporters from Pakistan are required to submit the following documents:

- **The Certificate of Origin – Form ‘A’:** This form is first submitted to the relevant authorities in Pakistan, after which, if approved, the relevant authorities will issue the Certificate of Origin to the exporter. This before is discussed in questions 7 and 8 above as well;
- **The Commercial Invoice:** There is no standardised version of a commercial invoice, though they typically contain various pieces of relevant information, including, *inter alia*, the names of the exporter, consignee, buyer, the national tax number, the invoice date and number and transport details;
- **The Packing list:** A packing list is a document which details the contents, dimensions and weight of each package or container;
- **The Goods Declaration:** A goods declaration is a document indicating the customs procedure to be applied. In Pakistan, this form is submitted online at <https://www.weboc.gov.pk>;
- **The Bill of Lading:** A bill of lading is issued by the carrier of the goods. The bill of lading provides information on the products shipped and grants title of the products to a specified party;
- **The Letter of Credit:** Letters of credit are financial documents issued by banks to facilitate international trade. Letters of credit serve as assurance from banking institutions that each party performed their portion of the transaction (*i.e.* payment or providing the good);
- **The State Bank of Pakistan’s Form ‘E’:** Form ‘E’ is mandatory for all exports in Pakistan. The form must be certified by an authorised exchange dealer, in which the dealer states that they know the exporter to be a bona

fide businessman and that the exporter has made arrangements regarding the realisation of export proceeds. Thus, the authorised dealer ensures export proceeds against the shipment;

- **The NTN Certificate:** This certificate is issued by the Income Tax Department in Pakistan. The NTN Certificate demonstrates to customs that you are a taxable person in Pakistan; and
- **The Sales Tax Registration Certificate:** The sales tax registration certificates are useful for exporters who wish to claim a sales tax refund in Pakistan. However, if operators only export products, sales tax registration is not mandatory.

Exporters should also be aware that they will be assessed an Export Development Surcharge (*i.e.* an EDS) at 0.25% of the value of the freight on board (*i.e.* *f.o.b.*), which is collected by the Authorised Dealer once export proceeds are realised, instead of the Customs Authorities at the time of shipment.²⁷ An expense of 1% for the Withholding Tax (*i.e.* the WHT) will also be deducted at the time of export realisation.²⁸

The Trade Development Authority of Pakistan (hereinafter, the TDAP) issues each Certificate of Origin for export to the EU under the GSP scheme.²⁹ Exporters can request issuance of a Certificate of Origin from any of the 16 TDAP offices in Pakistan at a cost of PKR 100.³⁰ To receive a Certificate of Origin from the TDAP, an exporter must provide copies of the Bill of Lading, the Commercial Invoice, the Goods Declaration.³¹ The exporter must fill out the Certificate of Origin (Form 'A'), after which the assigned TDAP officer will review the document before approval and placement of an official stamp.³² Exporters from Pakistan should be aware that though Form 'A' does not currently account for '*cumulation*' under the GSP rules of origin, it is still a benefit of Pakistan's GSP+ status in the EU.³³

Are there any relevant business associations of which businesses from Pakistan attempting to export to the EU should be aware?

Exporters from Pakistan should be aware of the World Chambers Network.³⁴ The organization created the '*Global Business eXchange Program*', which is a database that aids businesses around the world in their search for buyers, partners, resellers and other contacts. The website also provides information on how to contact domestic chambers of commerce throughout the world.

On a similar note, the Consumer Goods Forum also brings together manufacturers and retailers from all over the world.³⁵ Exporters from Pakistan may be able to increase their network with the contacts available through this association. The Consumer Goods Forum can be contacted at:

INTERNATIONAL HQ - EMEA
22/24 rue du Gouverneur Général Eboué
92130 Issy-les-Moulineaux - FRANCE
Tel: (+33) 1 82 00 95 95
Fax: (+33) 1 82 00 95 96
E-mail: info@theconsumergoodsforum.com

Apparel and readymade garments and leather footwear

²⁷ This information was provided in a submission from the National Consultant for this Guide.

²⁸ *Ibid.*

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ *Ibid.*

³² *Ibid.*

³³ *Ibid.*

³⁴ The World Chambers Network's website is available at <http://www.worldchambers.com/>.

³⁵ The Consumer Goods Forum's website is available at <http://www.theconsumergoodsforum.com/>.

FashionUnited is a leading business to business media fashion platform enabling fashion professionals and companies to make their activities more fun and efficient.³⁶ Its international network may be useful for exporters of apparel and readymade garments, as well as leather footwear, who seek to create new business contacts. FashionUnited can be contacted at:

FashionUnited
Hogehilweg 8
1101CC Amsterdam Zuid-Oost
Phone: +31 206154241
Fax: +31 84 7565584
E-mail: media@fashionunited.com

Fresh and processed fruits and nuts

Freshfel is the European Fresh Produce Association.³⁷ Members of the association represent all segments of the fresh produce trade, including import, export, wholesale, distribution and retail. Its members include non-EU businesses and well as EU businesses. Freshfel can be contacted at:

Freshfel Europe
The European Fresh Produce Association
Rue de Trèves 49-51, bte 8
1040 Brussels - Belgium
Tel: +32 (0)2 777.15.80
Fax: +32 (0)2 777.15.81
E-mail: info@freshfel.org

Are there any additional resources available to help traders?

The next four sections of this Guide will provide information relevant to specific sectors of interest to Pakistan, as mandated under the Terms of Reference and agreed with the Beneficiary and the ITC. Each of the covered sectors (*i.e.* apparel and readymade garments, leather footwear, fresh and processed fruits and nuts, and ethanol) will have a dedicated section that provides information regarding the relevant CN codes, specific rules relating to the GSP rules of origin for the relevant tariff lines, as well as additional requirements exporters from Pakistan may need to consider if they intend to place their products on the EU marketplace.

There are also some general sources of information of which exporters of Pakistan should be aware. They are described below, and include the *'Export Helpdesk'*, created by the Directorate-General for Trade in the European Commission, the *'Standards Map'*, provided by the International Trade Centre and certain information regarding standards, certification and laboratory accreditation relevant to Pakistan.

The 'Export Helpdesk'

Exporters in Pakistan should also be aware of the free resource provided by the Commission intended to assist traders from countries from outside the EU export their products to the EU. The *'Export Helpdesk'* provides information on EU tariffs, requirements, preferential arrangements, quotas and statistics affecting business in developing countries.³⁸ From the *'home'* page, traders should click on *'My export'*, where they will be directed to the following webpage:

³⁶ FashionUnited's website is available at <http://www.fashionunited.info/>.

³⁷ Freshfel's website is available at <http://www.freshfel.org/asp/index.asp>.

³⁸ The *'Export Helpdesk'* is available at <http://exporthelp.europa.eu/thdapp/index.htm>.

From this webpage, exporters should input information into the open boxes, including the CN code (referred to as the '*product code*' here, and which can also be found by clicking on the '*Find my product code*' hyperlink), the country of origin (*i.e.* Pakistan), the country to which the product will be exported from Pakistan and the relevant date. After clicking on '*Search*', a webpage with additional information relevant to the exporter will appear.

The '*Standards Map*'

Another resource available to exporters from Pakistan is the Standards Map, created by the International Trade Centre.³⁹ This database provides easily accessible information regarding private and voluntary standards and certifications that may be relevant to exporters from Pakistan. Once arriving at the '*homepage*' for the database, users should click on the box labelled '*Identify*' on the left side of the webpage. After clicking on that box, users should be directed to this webpage:

³⁹ The '*Standards Map*' is available at <http://www.standardsmap.org/>

The *'Identify'* section of the website provides a drop-down menu on the left side of the page where exporters from Pakistan can narrow the number of relevant standards applicable to their product. Accordingly, users should select *'Pakistan'* under *'Producing country'* and *'Europe'* under *'Destination market'*. The options for *'Product/service'* vary in terms of specificity. Exporters should explore the options provided and select one that best describes their product. In total, there appear to be 30 standards in the database relevant to products originating in Pakistan that are being exported to the EU.

Other information regarding standards, certification and laboratory accreditation

During the creation of this Guide, the National Consultant from Pakistan provided information regarding accreditation and certification bodies within Pakistan that is useful to businesses in Pakistan interested in exporting products to the EU.

Exporters from Pakistan should be aware of the Trade Related Technical Assistance (hereinafter, TRTA) office in Pakistan. The office maintains a website, available at <http://trtapakistan.org/>. Additionally, the TRTA Office may be contacted at:

Trade Related Technical Assistance (TRTA II) Programme

Programme Management Office (PMO) 7th Floor, Serena Business Complex
Khayaban-e-Suharwardy
Sector G-5/1
Islamabad, Pakistan
Telephone: +92 51 8354 810
Fax: + 92 51 2600 124
E-mail: info@trtapakistan.org

The TRTA II Programme was initially a 4-year programme funded by the EU. In December 2013, the EU extended the Programme an additional 2 years. The TRTA II Programme aims at assisting Pakistani businesses increase their international market access through quality control, enhanced export trade and sustainable economic development.

Businesses in Pakistan interested in exporting to the EU should contact the TRTA office for more information. However, some easily accessible information pertaining to the mapping and testing of calibration laboratories, provided by the National Consultant to this Guide, can be found at <http://trtapakistan.org/wp-content/uploads/2011/01/Mapping-Brochure.pdf>. Additionally, the Pakistan National Accreditation Council provides a list of testing and calibration laboratories at this web address: <http://www.pnac.org.pk/index.php?PagelD=87>.

APPAREL AND READYMADE GARMENTS



What is the first step that a trader in Pakistan must take to export apparel and readymade garments to the EU?

The first step that a trader in Pakistan must take is to find the proper EU's CN code for the particular apparel or readymade garments it produces. Generally, for textiles, the relevant chapters in the CN are Chapters 50-63. However, for apparel and readymade garments, the relevant tariff lines are contained within Chapters 61, 62 or 63 of the CN.

For example, the products falling within the category of '*readymade apparel*' are found in 127 8-digit CN codes in Chapter 62 and 4 8-digit CN codes in Chapter 61 (totalling 131 relevant 8-digit tariff lines). Apparel, on the other hand, is a broader term, thus there could be more relevant tariff lines.

As stated in Article 12(1) of the GSP Regulation, 'The Common Customs Tariff *ad valorem* duties on all products listed in Annex IX which originate in a GSP+ beneficiary country shall be suspended'. In Annex IX, within 'Section 11b', Chapters 61-63 are included with no exceptions, as seen below:

As a result, GSP+ beneficiary countries in the EU the tariff rate for apparel and readymade garments (*i.e.* Chapters 61-63) are 0%.

S-11b	61	Chapter 61	Articles of apparel and clothing accessories, knitted or crocheted	
	62	Chapter 62	Articles of apparel and clothing accessories, not knitted or crocheted	
	63	Chapter 63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	

As a result, GSP+ beneficiary countries in the EU the tariff rate for apparel and readymade garments (*i.e.* Chapters 61-63) is 0%.

What are the specific rules of origin applicable to apparel and readymade garments under the GSP+?

The rules of origin relevant to apparel and readymade garments are contained within three pages of Part II of Annex 13a of Commission Regulation No. 2453/93 (the pages relevant to apparel and readymade garments are attached to this Guide).⁴⁰ Below is an example of the rule of origin relevant to Chapter 61:

23.11.2010	EN	Official Journal of the European Union		L 307/57
(1)	(2)		(3)	

⁴⁰ OJ L 253, 11.10.1993 as amended, *see supra*. A consolidated version of Commission Regulation (ECC) No. 2453/93, as amended, is available online at http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_aspects/general/regulation_2454_93_en.pdf.

Chapter 6	Articles of apparel and clothing accessories, knitted or crocheted:		
	– Obtained by sewing together or otherwise assembling, two or more pieces of knitted or crocheted fabric which have been either cut to form or obtained directly to form	(a) LDCs Manufacture from fabric	(b) Other beneficiary countries Knitting and making-up (including cutting) ⁽⁷⁾ ⁽⁹⁾
	– Other	Spinning of natural and/or man-made staple fibres or extrusion of man-made filament yarn, in each case accompanied by knitting (knitted to shape products) or Dyeing of yarn of natural fibres accompanied by knitting (knitted to shape products) ⁽⁷⁾	

The structure of the table includes 3 columns. In the example provided, column 1 provides the chapter number, but it could also reference specific 4-digit headings or 6-digit sub-headings. Column 2 gives the product description as stated in the CN. Column 3 includes the relevant *'qualifying operations'*. Note that, in the example provided above, column 3 is split, with separate rules for LDCs (*i.e.* those who benefit from EBA status) and other beneficiary countries (*i.e.* GSP and GSP+ beneficiaries). Additionally, the example above also provides an instance where the term *'or'* is used. The use of *'or'* signifies an option by the exporter to use either rule.

Simply put, for exporters from Pakistan, column 3 states the minimum *'qualifying operation'* necessary for a material not originating from Pakistan to be deemed to have originated from Pakistan for the purposes of the GSP+ scheme. For the above example, for *'articles of apparel and clothing accessories, knitted or crocheted: obtained by sewing together or otherwise assembling, two or more pieces of knitted or crocheted fabric which have been either cut to form or obtained directly to form'*, producers in Pakistan who use material not originating in Pakistan must at least provide additional working and processing to said material of *'knitting and making-up (including cutting)'* for the final product to be considered of Pakistani origin. In this example, as well as throughout the rules of origins pertaining to apparel and readymade garments, some rules include footnotes, including footnotes 7, 9 and 10. Those footnotes provide:

(7) For special conditions relating to products made of a mixture of textile materials, see Introductory Note 6.

[...]

(9) See Introductory Note 7.

(10) For knitted or crocheted articles, not elastic or rubberised, obtained by sewing or assembling pieces of knitted or crocheted fabrics (cut out or knitted directly to shape), see Introductory Note 7.

Relevant parts of Notes 6 and 7 are provided below:

Note 6 – Tolerances applicable to products made of a mixture of textile materials

6.1. Where, for a given product in the list, reference is made to this Note, the conditions set out in column 3 shall not be applied to any basic textile materials used in the manufacture of this product and which, taken together, represent 10% or less of the total weight of all the basic textile materials used. (See also Notes 6.3 and 6.4).

6.2. However, the tolerance mentioned in Note 6.1 may be applied only to mixed products which have been made from two or more basic textile materials.

[The introductory notes in Part I to Annex 13a of Commission Regulation No. 2454/93, which include a list of the *'basic textile materials'*, are provided in full in Annex II to this Guide.]

6.3. In the case of products incorporating *'yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped'*, the tolerance is 20% in respect of this yarn.

6.4. In the case of products incorporating *'strip consisting of a core of aluminium foil or of a core of plastic film whether or not coated with aluminium powder, of a width not exceeding 5mm, sandwiched by means of a transparent or coloured adhesive between two layers of plastic film'*, the tolerance is 30% in respect of this strip.

Note 7 – Other tolerances applicable to certain textile products

7.1. Where, in the list, reference is made to this Note, textile materials which do not satisfy the rule set out in the list in column 3 for the made-up product concerned, may be used, provided that they are classified in a heading other than that of the product and that their value does not exceed 8% of the ex-works price of the product.

7.2. Without prejudice to Note 7.3, materials, which are not classified within Chapters 50 to 63, may be used freely in the manufacture of textile products, whether or not they contain textiles.

Example:

If a rule in the list provides that, for a particular textile item (such as trousers), yarn must be used, this does not prevent the use of metal items, such as buttons, because buttons are not classified within Chapters 50 to 63. For the same reason, it does not prevent the use of slide-fasteners, even though slide-fasteners normally contain textiles.

7.3. Where a percentage-rule applies, the value of materials which are not classified within Chapters 50 to 63 must be taken into account when calculating the value of the non-originating materials incorporated.

Thus, in addition to the text provided in the relevant table, the above qualifications are also relevant to exporters of apparel and readymade garments from Pakistan.

What are the labelling rules applicable to apparel and readymade garments imported into the EU?

In order to ensure that European consumers are provided accurate information regarding the composition of the textile products they purchase, most traders placing products on the EU market must show that their goods are properly marked or accompanied with commercial documents pursuant to Regulation No. 1007/2001.⁴¹ One exception is that customised products made by self-employed tailors do not need to comply with the regulation. Outside of this exception, Regulation No. 1007/2001 applies to *'textile products'* defined as any raw, semi-worked, worked, semi-manufactured, manufactured, semi-made-up or made-up product which is exclusively composed of textile fibres, regardless of the mixing or assembly process employed. The term *'textile products'* also includes:

Products of which textile fibres account for at least 80% of the weight;

- Furniture, umbrella, and sunshade coverings of which textile products account for at least 80% of the weight;
- The textile components of the upper layer of multi-layer floor coverings, mattress coverings and coverings of camping goods (provided that such textile components constitute at least 80% by weight); and
- Products incorporating textile components and which form an integral part of the product, where the compositions should be specified.

In general, traders of apparel and readymade garments from Pakistan will need to label or mark their products so as to indicate the fibre composition in a manner that is accurate, not misleading and easily understandable. Labels

⁴¹ Regulation (EU) No. 1007/2011 of the European Parliament and of the Council of 27 September 2011 on textile fibre names and related labelling and marking of the fibre composition of textile products and repealing Council Directive 73/44/EEC and Directives 96/73/EC and 2008/121/EC of the European Parliament and of the Council, OJ L 272, 18.10.2011 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011R1007&qid=1407320614110&from=EN>).

must be securely attached, and both labels and marks must be durable, easily legible in the official language(s) of the importing EU country, visible and accessible. The only abbreviations allowed on labels are mechanised processing codes and abbreviations defined in international standards. Annex V of Regulation No. 1007/2001 lists 42 products that do not require labelling indicating fibre name or composition.

Additionally, only products for sale to the end consumer need to be labelled. For other products, the labelling or marking can be replaced or supplemented by accompanying commercial documents. Some textile products, as listed in Annex VI to Regulation No. 1007/2001, can be replaced by an inclusive label, where they are of the same type and fibre composition. Products sold by the meter need to be labelled only on the piece or roll offered for sale.

There are also more specific requirements regarding the labelling and marking of textile products of which traders from Pakistan should be aware. Relevant specific requirements include that:

- Labels indicating '100 %', 'pure' or 'all' must be solely composed of the same fibre;
- Multi-fibre textile products shall be labelled or marked with the name and percentage by weight of all constituent fibres in descending order. Fibres listed in Annex I of Regulation No. 1007/2001, or fibres accounting for less than 5% of the total weight, may be labelled as 'Other fibres', as long as their total percentage by weight is also included;
- Textile products containing two or more textile components which have different textile fibre contents shall bear a label or marking stating the textile fibre content of each component;
- Decorative fibres and fibres with anti-static effect not exceeding 7% and 2%, respectively, of the weight of the product do not need to indicate fibre content;
- A label or marking stating 'Contains non-textile parts of animal origin' must be present when a product contains non-textile parts of animal origin; and
- For textile products whose fibre composition is difficult to determine, the terms 'mixed fibres' or 'unspecified textile composition' are allowed.

To protect the producers and to inform the customers, the term 'cotton' is exclusively reserved for the fibre obtained from the bolls of the cotton plant (*Gossypium*). The term 'cotton linen union' is reserved for products having a pure cotton warp and a pure flax weft, in which the percentage of flax accounts for a minimum 40% of the total weight of the fabric. In the textile's label, this name must be accompanied by the composition specification. Additionally, the terms 'virgin wool' or 'fleece wool' are only used for products composed exclusively of a fibre which: has not previously been part of a finished product, has not been subjected to any spinning or felting processes other than those required in the manufacture of the cloth and has not been damaged by treatment or use. These names may be used to describe fibre mixtures subject to certain conditions. In these cases, the full composition in percentage must be given on the label.

Lastly, special provisions for the labelling and marking of certain textile products are found in Annex IV of Regulation No. 1007/2011. Products addressed in Annex IV include corsetry products, etch-printed textiles, embroidered textiles, yarns consisting of a core and a cover made up of different fibres, velvet and plush textiles (or products that resemble velvet or plush) and certain multi-fibre floor coverings.

EU's Eco-label for textile products

In the EU, the Eco-label or 'Flower logo' is the official mark for products with the lowest environmental impact in a product range. Its aim is to promote environmental protection, as well as to help consumers to identify those products that contribute significantly to improvements in relation to key environmental aspects. Participation to the scheme is voluntary. This means that products can be sold within the EU market without the Flower logo and that there are no regulations that require trader to apply the logo.

The product group 'textile products' comprises textile clothing and accessories, interior textiles (except wall and floor coverings), fibres, yarn and fabrics.⁴² When a product is included in the product group definition and complies with

⁴² Commission Decision of 9 July 2009 establishing the ecological criteria for the award of the Community Ecolabel for textile products, OJ L 197, 29.7.2009 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009D0607&from=EN>).

the published Eco-label criteria, manufacturers, importers, service providers, trader or retailers who want to market their products in the EU, may apply for the Eco-label in accordance with Regulation (EC) No. 66/2010.⁴³

For apparel and readymade garments exported from Pakistan, the application must be presented to a competent body of any of the EU Member State in which the product is to be placed, or has been placed, on the market. The application must include all relevant documentation to prove that the product complies with the ecological and performance criteria. The competent body will inform the applicant of the necessary documents that need to be submitted, the test results that must be provided and how they should be carried out. If the application is successful, the competent body will provide the applicant a contract covering the terms of use of the label.

Eco-labelled products can be marketed in all EU Member States. Applications for the award of an Eco-label are subject to payment of a fee. In addition, there is an annual fee for the use of the label. Detailed information on the current criteria can be found at www.ecolabel.eu.

Are there any restrictions relating to the use of certain chemicals during the manufacturing of apparel and readymade garments?

Businesses in Pakistan with an interest in exporting apparel and readymade garments to the EU must be aware of prohibitions and restricting pertaining to certain chemical substances or groups of substances and mixtures applicable to textiles, which the EU has adopted to protect human health and the environment. According to provisions listed on Annex XVII to the REACH Regulation,⁴⁴ the following group of substances or mixtures are not allowed in textiles:

- *Tris (2,3-dibromopropyl) phosphate*, in footwear that will come into contact with skin;
- *Tris (aziridinyl) phosphin oxide*, in footwear that will come into contact with the skin;
- *Polybrominated biphenyls*, in textile articles that will come into contact with the skin;
- *Mercury compounds* used to impregnate leather;
- *Diocetyl tin* compounds, in footwear or parts of footwear that will come into contact with the skin;
- *Nickel* in parts of leather footwear intended to come into direct and prolonged contact with the skin;
- *Azodyes* which may release one or more of the aromatic amines listed in Appendix 8 to the REACH Regulation, in leather articles that may come into direct and prolonged contact with the skin; and
- *Nonylphenol and nonylphenol ethoxylates* in leather processing.

For more information regarding the use of certain chemicals in footwear, traders in Pakistan should contact the European Chemicals Agency, which manages and coordinates the registration, evaluation, authorisation and restriction processes of chemical substances in the EU. The European Chemicals Agency can be contacted at:

European Chemicals Agency
P.O. Box 400
00121 Helsinki
Finland
Switchboard: +358-9-686180
Online Helpdesk: <http://echa.europa.eu/contact/helpdesk-contact-form>

⁴³ Regulation (EC) No. 66/2010 of the European Parliament and of the Council of 25 November 2009 on the EU Ecolabel, OJ L 27, 30.1.2010 (available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:027:0001:0019:en:PDF>).

⁴⁴ Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No. 793/93 and Commission Regulation (EC) No. 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC, OJ L 396, 30.12.2006 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02006R1907-20140410&qid=1407775608969&from=EN>).

Are there any special restrictions relating to the type of animal from which the apparel or readymade garments are produced?

Businesses in Pakistan, which are manufacturers of apparel and readymade garments derived from exotic animals, should check whether their products comply with Regulation No. 338/97,⁴⁵ which is based on the Convention on International Trade in Endangered Species of Wild Fauna and Flora (hereinafter, CITES). Regulation No. 338/97 imposes checks on imports and exports at both the EU and country of origin levels. Each EU Member State has a management authority to issue permits and check imports, as well as a scientific authority to act as a consultative body.

The four annexes to Regulation No. 338/97 contain thousands of species of endangered animals, which roughly correspond to the appendixes found in CITES.⁴⁶ Annexes A, B, C and D are organised in order of most trade restrictive (Annex A) to least trade restrictive (Annex D). However, all of the apparel or readymade garments derived from a species found in one of the annexes will need, at the very least, an import license or permit.

⁴⁵ Council Regulation (EC) No. 338/97 of 9 December 1996 on the protection of species of wild fauna and flora by regulating trade therein, OJ L 61, 3.3.1997 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01997R0338-20130810&qid=1407776045523&from=EN>).

⁴⁶ The EU is more trade restrictive than necessary under CITES, with regard to some species, while some EU Member States hold reservations on other species contained in the appendixes to CITES.

LEATHER FOOTWEAR



What is the first step that a trader in Pakistan must take to export leather footwear to the EU?

The first step a trader in Pakistan must take is to find the proper CN code classification. For leather footwear, the relevant tariff lines are found in Chapter 64 of the CN. There, the most-favoured nation tariff rate varies from 5% to 17%, depending on the product imported into the EU.

As stated in Article 12(1) of the GSP Regulation, 'The Common Customs Tariff *ad valorem* duties on all products listed in Annex IX which originate in a GSP+ beneficiary country shall be suspended'. In Annex IX, within 'Section 12a', Chapter 64 is included with no exceptions, as seen below:

S-12a	61	Chapter 64	Footwear, gaiters and the like; parts of such articles	
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Thus, for GSP+ beneficiary countries such as Pakistan, leather footwear enters into the EU duty free (*i.e.* at a 0% tariff rate).

What are the specific rules of origin applicable to leather footwear under the GSP+?

Leather footwear is covered within Chapter 64 of the CN, which includes 2 specific rules of origin. According to Part II of Annex 13a of Commission Regulation No. 2454/93,⁴⁷ the GSP rules of origin for Chapter 64 of the CN include:

L 307/60	EN	Official Journal of the European Union	23.11.2010
(1)	(2)	(3)	
ex Chapter 64	Footwear, gaiters and the like; parts of such articles; except for:	Manufacture from materials of any heading, except from assemblies of uppers affixed to inner soles or to other sole components of heading 6406	
6406	Parts of footwear (including uppers whether or not attached to soles other than outer soles); removable in-soles, heel cushions and similar articles; gaiters, leggings and similar articles, and parts thereof	Manufacture from materials of any heading, except that of the product	

Recall that the structure of the table includes 3 columns. In the example provided, column 1 provides the chapter number as well as a reference to a specific 4-digit heading. Column 2 gives the product description as stated in the CN. Column 3 includes the relevant '*qualifying operations*'. Simply put, for exporters from Pakistan, column 3 states the minimum '*qualifying operation*' necessary for a material not originating from Pakistan to be deemed to have originated from Pakistan for the purposes of the GSP+ scheme. For the above example, footwear from Pakistan that includes materials not originating in Pakistan will still be considered to originate from Pakistan as long as the non-originating material is used in any aspect of the working and processing of the final product, '*except [for the assembly] of uppers affixed to inner soles or to other sole components of heading 6406*'.

⁴⁷ Available at http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_aspects/general/regulation_2454_93_en.pdf.

Generally, regarding products in Chapter 64 of the CN code, leather footwear with materials originating from outside of Pakistan, will still be considered from Pakistan for the purposes of the EU rules of origin if for working or processing the manufacture occurs on materials from any heading, except from assemblies of uppers affixed to inner soles or to other sole components of the CN code heading 6406.

Additionally, for '*Parts of footwear (including uppers whether or not attached to soles other than outer soles); removable in-soles, heel cushions and similar articles; gaiters, leggings and similar articles, and parts thereof*' under 4-digit CN heading 6406, to be deemed as originating in Pakistan, the non-originating materials used in the working and processing of the final product cannot be of the same CN code as the final product. In effect, the working and processing done in Pakistan must be enough to change the CN code classification of the material used.

Are there any restrictions relating to the use of certain chemicals during the manufacturing of footwear?

Businesses in Pakistan with an interest in exporting leather footwear to the EU must be aware of prohibitions and restricting pertaining to certain chemical substances or groups of substances and mixtures applicable to footwear, which the EU has adopted to protect human health and the environment. According to provisions in Annex XVII to the REACH Regulation,⁴⁸ the following group of substances or mixtures are not allowed in leather footwear:

- *Tris (2,3-dibromopropyl) phosphate*, in footwear that will come into contact with skin;
- *Tris (aziridiny) phosphin oxide*, in footwear that will come into contact with the skin;
- *Polybrominated biphenyls*, in textile articles that will come into contact with the skin;
- *Mercury* compounds used to impregnate leather;
- *Diocetyl tin* compounds, in footwear or parts of footwear that will come into contact with the skin;
- *Nickel* in parts of leather footwear intended to come into direct and prolonged contact with the skin;
- *Azodyes* which may release one or more of the aromatic amines listed in Appendix 8 to the REACH Regulation, in leather articles that may come into direct and prolonged contact with the skin; and
- *Nonylphenol and nonylphenol ethoxylates* in leather processing.

For more information regarding the use of certain chemicals in footwear, traders in Pakistan should contact the European Chemicals Agency, which manages and coordinates the registration, evaluation, authorisation and restriction processes of chemical substances in the EU. The European Chemicals Agency can be contacted at:

European Chemicals Agency
P.O. Box 400
00121 Helsinki
Finland
Switchboard: +358-9-686180
Online Helpdesk: <http://echa.europa.eu/contact/helpdesk-contact-form>

⁴⁸ Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No. 793/93 and Commission Regulation (EC) No. 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC, OJ L 396, 30.12.2006 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02006R1907-20140410&qid=1407775608969&from=EN>).

Are there any special restrictions relating to the type of animal from which the leather is produced?

Businesses in Pakistan, that manufacture leather footwear derived from exotic animals, should check whether their products are subject to compliance with Regulation No. 338/97, which is based on the Convention on International Trade in Endangered Species of Wild Fauna and Flora (hereinafter, CITES). Regulation No. 338/97⁴⁹ imposes checks of imports and exports at both the EU and country of origin levels. Each EU Member State has a management authority to issue permits and check imports, as well as a scientific authority to act as a consultative body.

The four annexes to Regulation No. 338/97 contain thousands of species of endangered animals, which roughly correlate to the appendixes found in CITES.⁵⁰ Annexes A, B, C and D are organised in order of most trade restrictive (Annex A) to least trade restrictive (Annex D). However, all of the leather footwear derived from a species found in one of the annexes will need, at the very least, an import license or permit.

Are there any other technical requirements for leather footwear imported into the EU?

Another technical requirement, which traders from Pakistan interested in exporting leather footwear to the EU should be aware of, regards products containing fluorinated greenhouse gases. In the EU Regulation No. 842/2006⁵¹ governs the placing on the EU market of products and equipment containing certain fluorinated greenhouse gases.

As of 4 July 2006, footwear containing fluorinated greenhouse gases (e.g. hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆)) are prohibited from entering the EU market. As a result, traders exporting leather footwear from Pakistan need to ensure that their products do not contain any of these gases, as listed in Annex II to Regulation No. 842/2006.

⁴⁹ Available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01997R0338-20130810&qid=1407776045523&from=EN>.

⁵⁰ The EU is more trade restrictive than necessary under CITES, with regard to some species, while some EU Member States hold reservations on other species contained in the appendixes to CITES.

⁵¹ Regulation (EC) No. 842/2006 of the European Parliament and of the Council of 17 May 2006 on certain fluorinated greenhouse gases, OJ L 161, 14.6.2006 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02006R0842-20081211&qid=1407776632780&from=EN>).

FRESH AND PROCESSED FRUITS AND NUTS



What is the first step that a trader in Pakistan must take to export fresh and processed fruits and nuts to the EU?

The first step that a trader in Pakistan must take is to find the proper CN code classification. For fresh and processed fruits and nuts, the relevant chapter in the EU customs classification is Chapter 8. Within Chapter 8, one of the more relevant sub-headings is found in the 4-digit CN heading 0804, which includes mangoes, a fruit exported regularly from Pakistan. The tariff rate for fruits and nuts imported into the EU from countries with non-preferential status varies by product (some enter at 0%, while others, such as strawberries, can be as high as 21%). In Pakistan, this is relevant because mangoes enter the EU duty-free under the MFN rate, while the tariff rate applicable to mandarins varies by season.

Turning to Annex IX of the GSP Regulation, the tariff lines covered by GSP+ regarding fruits and nuts account for over two and a half pages. For example, numerous tariff lines pertaining to nuts are found in 4-digit heading 0802, as show here:

08	0802 11 90	Almonds, fresh or dried, whether or not shelled, other than bitter	
	0802 12 90		
	0802 21 00	Hazelnuts or filberts (<i>Corylus</i> spp.), fresh or dried, whether or not shelled	
	0802 22 00		
	0802 31 00	Walnuts, fresh or dried, whether or not shelled	
	0802 32 00		
	0802 41 00 0802 42 00	Chestnuts (<i>Castanea</i> spp.) fresh or dried, whether or not shelled or peeled	
	0802 51 00 0802 52 00	Pistachios, fresh or dried, whether or not shelled or peeled	
	0802 61 00 0802 62 00	Macadamia nuts, fresh or dried, whether or not shelled or peeled	
	0802 90 50	Pine nuts, fresh or dried, whether or not shelled or peeled	
	0802 90 85	Other nuts, fresh or dried, whether or not shelled or peeled	

For mandarins, the tariff is only suspended from 1 March to 31 October each year, as seen below:

	Ex 0805 20	Mandarins (including tangerines and satsumas), and clementines, wilkings and similar citrus hybrids, fresh or dried, from 1 March to 31 October	
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It is important to note that the GSP+ coverage of fruits and nuts is given with reference to 6- and 8-digit sub-headings. This is likely due to the varying duties assigned to tariff lines within Chapter 8 of the CN, but nonetheless it appears as though when the third country tariff rates are considered together with the CN codes covered by GSP+, most the products relevant to exporters of fresh and processed fruits and nuts in Pakistan should enter the

EU at a tariff duty of 0%. Even so, operators in Pakistan should still check the CN and Annex IX of the GSP Regulation regarding the application of their specific products.

What are the specific rules of origin applicable to fresh and processed fruits and nuts under the GSP+?

Under the GSP rules of origin, the originating status of all fruits and nuts follow the same rules. According to Part II of Annex 13a of Commission Regulation No. 2454/93, the GSP rules of origin for Chapter 8 of the CN include:

Chapter 8	Edible fruit and nuts; peel of citrus fruits or melons	<p>Manufacture in which:</p> <ul style="list-style-type: none"> — all the fruit, nuts and peels of citrus fruits or melons of Chapter 8 used are wholly obtained, and — the weight of sugar (1) used does not exceed 40 % of the weight of the final product
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The structure of the table includes 3 columns. In the example provided, column 1 provides the chapter number, but it could also reference specific 4-digit headings or 6-digit sub-headings. Column 2 gives the product description as stated in the CN. Column 3 includes the relevant '*qualifying operations*'. Simply put, for exporters from Pakistan, column 3 states the minimum '*qualifying operation*' necessary for a material not originating from Pakistan to be deemed to have originated from Pakistan for the purposes of the GSP+ scheme. With regards to fruits and nuts, to be deemed to originate from Pakistan, the fruits and nuts must be wholly obtained from Pakistan and the weight of the sugar used cannot exceed 40% of the weight of the product.

The footnote regarding sugar states:

- 1) See Introductory Note 4.2.

Additionally, Introductory Note 4.2 states that:

In cases where the content of non-originating sugar in a given product is subject to limitations, the weight of sugars of headings 1701 (sucrose) and 1702 (e.g. fructose, glucose, lactose, maltose, isoglucose or invert sugar) used in the manufacture of the final product and used in the manufacture of the non-originating products incorporated in the final product is taken into account for the calculation of such limitations.

Are there any sanitary and phytosanitary requirements relating to the importation of fruits and nuts from Pakistan?

The sets of rules, that exporters from Pakistan should be aware of, relate to the level of contaminants in foodstuffs for products in the EU market and the maximum residue levels allowed of certain pesticides.

Contaminants in foodstuffs

In order to ensure a high level of consumer protection, imports into the EU of foodstuffs should comply with EU legislation designed to ensure that food placed on the market is safe to eat and does not contain contaminants at

levels which could threaten human health. Contaminants may be present in food as a result of the various stages of its production, packaging, transport or holding, or also might result from environmental contamination. Regulation (EEC) No. 315/93⁵² regulates the presence of such contaminants in foodstuffs in the EU. In relevant part, the Regulation states that:

- Food containing a contaminant to an amount unacceptable from the public health viewpoint and in particular at a toxicological level, shall not be placed on the EU market and will be rejected;
- Contaminant levels shall be kept as low as can reasonably be achieved following recommended good working practices; and
- Maximum levels may be set for certain contaminants in order to protect public health.

Regulation (EC) No. 1881/2006⁵³ sets maximum levels for certain contaminants in food to be placed on the EU market. Relevant to exporters of fresh and processed fruits and nuts from Pakistan are Sections 1, 2 and 3 of the Annex to that Regulation. Section 1 sets limits for nitrate in lettuce, spinach and baby foods. Section 2 sets limits for various mycotoxins in, *inter alia*, groundnuts, nuts, dried fruit (including dried vine fruit) and products thereof, fruit juices. Section 3 sets limits for various heavy metals in, *inter alia*, fruit and wine.

Maximum residue levels

Regulation No. 396/2005⁵⁴ creates a fully harmonised set of rules for pesticide residues. This Regulation lays down provisions for the setting of EU pesticide maximum residue levels (hereinafter, MRLs) in food and feed. Imports of plant and animal products must comply with such MRLs set by the EU Commission to protect consumers from exposure to unacceptable levels of pesticide residues.

Annexes to Regulation No. 396/2005 set out the list of products subject to control and MRLs applicable to them. The organisation of the Annexes is as follows: Annex I establishes a list of products to which the MRLs apply, which includes animal products, fruits, vegetables, cereals, spices and certain edible plants. Annex II contains the list of EU definitive MRLs. Annex IV provides a list of pesticides for which no MRLs are needed because of their low risk. Annex V contains the list of pesticides for which a default limit other than 0.01 milligrams per kilogram will apply. And, Annex VII contains a list of pesticides used as fumigants for which EU Member States are allowed to apply special derogations before the products are placed on the market. More information on the substances and the MRLs included in the lists of Annexes II, III and IV is available on the EU Pesticide Database website.⁵⁵

⁵² Council Regulation (EEC) No. 315/93 of 8 February 1993 laying down Community procedures for contaminants in food, OJ L 37, 13.2.1993 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01993R0315-20090807&qid=1407776924749&from=EN>).

⁵³ Commission Regulation (EC) No. 1881/2006 of 19 December 2006 setting maximum levels for certain contaminants in foodstuffs, OJ L 364, 20.12.2006 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02006R1881-20140602&qid=1407777112272&from=EN>).

⁵⁴ Regulation (EC) No. 396/2005 of the European Parliament and of the Council of 23 February 2005 on maximum residue levels of pesticides in or on food and feed of plant and animal origin and amending Council Directive 91/414/EEC, OJ L 70, 16.3.2005 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02005R0396-20140202&qid=1407777219125&from=EN>).

⁵⁵ http://ec.europa.eu/sanco_pesticides/public/index.cfm.

Are there special labelling rules for food products in the EU?

All foodstuffs marketed in the EU must comply with certain labelling rules to ensure that consumers get all the essential information to make informed choices. There are general rules on food labelling, as well as specific provisions relevant to the labelling of:

- Genetically modified food and novel food;
- Foodstuffs for particular nutritional purposes;
- Food additives and flavourings; and
- Materials intended to come into contact with food.

Besides these mandatory rules, there is also additional information that food manufacturers may include on a voluntary basis provided that it is accurate and does not mislead the consumer. For example, nutritional labelling is not obligatory unless a nutritional claim (e.g. *'low fat'*, *'high fibre'*) is made on the label or in advertising material. In this case, nutritional claims must comply with a standardised format, pursuant to Directive 90/496/EEC.⁵⁶

According to Directive 2000/13/EC⁵⁷ labels of foodstuffs must contain:

- The name under which the product is sold. No trademark, brand name or fancy name may substitute the generic name, but rather it may be used in addition to the generic name. Particulars as to the physical condition of the foodstuff or the specific treatment it has undergone (e.g. powdered, freeze-dried, deep-frozen, concentrated, smoked, irradiated or treated with ionizing radiation) must be included where omission of such may confuse the purchaser;
- The list of ingredients, preceded by the word *'Ingredients'*, must show all ingredients (including additives) in descending order of weight as recorded at the time of their use in the manufacture and designated by their specific name. In the case of those products that may contain ingredients liable to cause allergies or intolerances, such as alcoholic beverages, a clear indication should be given on the label by the word *'contains'* followed by the name of the ingredient. However, this indication will not be necessary provided the specific name is included in the list of ingredients;
- The net quantity of pre-packaged foodstuffs in metric units (litre, centilitre, millilitre) for liquids and (kilogram, gram) for non-liquids;
- The date of minimum durability consisting of day, month and year in that order and preceded by the words *'best before'* or *'best before end'* or the *'use by'* date for highly perishable goods;
- Any special conditions for keeping or use;
- The name or business name and address of the manufacturer, packager or importer established in the EU;
- Place of origin or provenance;
- Instructions of use, where appropriate;
- Indication of the acquired alcoholic strength for beverages containing more than 1.2% by volume; and
- Lot marking on pre-packaged foodstuffs with the marking preceded by the letter *'L'*.

These particulars must appear on the packaging or on a label attached to pre-packaged foodstuffs. In the case of pre-packaged foodstuffs intended for mass caterers (foodstuffs sold in bulk), the compulsory labelling particulars must appear on commercial documents while the name under which it is sold, the date of durability or use-by-date and the name of manufacturer must appear on the external packaging.

⁵⁶ Council Directive 90/496/EEC of 24 September 1990 on nutrition labelling for foodstuffs, OJ L 276, 6.10.1990 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01990L0496-20081211&qid=1407777392571&from=EN>).

⁵⁷ Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs, OJ L 109, 6.5.2000 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02000L0013-20130701&qid=1407777503772&from=EN>).

Products consisting of or containing genetically modified organisms (hereinafter, GMOs) and food products obtained from GMOs which have been authorised for the placing on the EU market are subject to labelling requirements pursuant to Regulation (EC) No. 1829/2003⁵⁸ and Regulation (EC) No. 1830/2003.⁵⁹ In the case of pre-packaged products, operators are required to state on a label that *'This product contains genetically modified organisms'*. This labelling obligation also applies to highly refined products (e.g. oil obtained from genetically modified maize) as well as genetically-modified additives and flavourings.

In addition to the rules applicable to foodstuffs in general, specific provisions (e.g. declaration of the energy value, carbohydrate, protein and fat content, etc.) for groups of foods for particular nutritional uses (baby foods, dietary foods for special medical purposes, foods for weight reduction, foods for sportspeople, etc.) are laid down in specific Directives. These products must be suitable for their claimed nutritional purposes and marketed in such a way as to indicate their suitability.

Additives and flavourings must always be labelled on the packaging of food products by their category (e.g. anti-oxidant, preservative, colour, etc). Further provisions on labelling of additives sold as such to food producers and consumers are laid down in Regulation (EC) No. 1333/2008.⁶⁰

According to Regulation (EC) No. 1935/2004,⁶¹ articles intended to come into contact with foodstuffs, including packaging materials and containers shall be labelled *'for food contact'* or shall bear the symbol with a glass and fork.

What are the rules regarding 'plant protection' in the EU?

Exporters of fresh or processed fruits or nuts from Pakistan to the EU may be subject to the protective measures in Council Directive 2000/29/EC,⁶² which applies to plants, plant products and any other material capable of harbouring plant pests (e.g. wooden products and containers, soil, etc.). The measures contained in Council Directive 2000/29/EC cover:

- Prohibitions on import;
- Phytosanitary certificate and/or phytosanitary certificate for re-export;
- Customs Inspection and plant health checks;
- Importers Register; and
- Advance notice on imports.

Organisms, plants and plant products subject to import prohibitions are listed in Annexes I, II, III and III of Council Directive 2000/29/EC. Additionally, exporters from Pakistan should be aware of certain areas in the EU that free from plant pests established elsewhere in the EU, and have thus been designated as *'protected zones'* and may be affected by special bans and requirements to prevent spreading of harmful organisms to particular crops.⁶³

⁵⁸ Regulation (EC) No. 1829/2003 of the European Parliament and of the Council of 22 September 2003 on genetically modified food and feed, OJ L 268, 18.10.2003 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02003R1829-20080410&qid=140777731460&from=EN>).

⁵⁹ Regulation (EC) No. 1830/2003 of the European Parliament and of the Council of 22 September 2003 concerning the traceability and labelling of genetically modified organisms and the traceability of food and feed products produced from genetically modified organisms and amending Directive 2001/18/EC, (OJ L 268, 18.10.2003 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02003R1830-20081211&qid=1407778085969&from=EN>)).

⁶⁰ Regulation (EC) No. 1333/2008 of the European Parliament and of the Council of 16 December 2008 on food additives, OJ L 354, 31.12.2008 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02008R1333-20140414&qid=1407778272598&from=EN>).

⁶¹ Regulation (EC) No. 1935/2004 of the European Parliament and of the Council of 27 October 2004 on materials and articles intended to come into contact with food and repealing Directives 80/590/EEC and 89/109/EEC, OJ L 338, 13.11.2004 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02004R1935-20090807&qid=1407778375118&from=EN>).

⁶² Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community, OJ L 169, 10.7.2000 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02000L0029-20140210&qid=1407778573031&from=EN>).

⁶³ Annex I Part B; Annex II Part B; Annex III Part B and Annex IV Part B to Council Directive 2000/29/EC.

Regarding phytosanitary certificates (including for re-export), imports of plants and plant products listed in Annex V, Part B to Council Directive 2000/29/EC must be accompanied either by an official '*phytosanitary certificate*' or a '*phytosanitary certificate for re-export*' (in case the consignment after being dispatched from a third country, has been stored, repacked or split up in another non-EU country). Those documents certify the phytosanitary conditions of plants and plant products, and also that the shipment has been officially inspected, complies with statutory requirements for entry into the EU and is free of quarantine pests and other harmful pathogens. The certificates must be issued by the designated authorities of the third country of export or re-export and made out not more than 14 days before the date on which the plants, plant products or other objects covered by it have left the country of issuance.

In addition to the above mentioned certificates, plants and plant products listed in Annex V, Part B to Council Directive 2000/29/EC will be subject to customs inspections and supervision by the responsible official bodies upon entry into the EU. The inspections will consist of:

- Documentary checks establishing that the required certificates, alternative documents or marks have been issued or satisfied;
- Identity checks establishing that the plants, plant products or other objects conform to the ones declared on the required documents; and
- Plant health checks establishing that the plants, plant products or other objects, including their wood packing material if any, comply with the specific requirements and phytosanitary measures specified in Council Directive 2000/29/EC and can be imported into the EU.

The inspections must be made at the point of entry into the EU at the proper Member State's border inspection post. However, identity checks and plant health checks may be carried out at the place of destination provided that there is satisfaction of specific guarantees and documents regarding transport of plants and plant products determined for each particular case. Exporters from Pakistan may also want to check that their importing partner is included in the official register of the relevant EU country, as required under Council Directive 2000/29/EC for importers of plants, plant products or other objects listed in Annex V of that Directive.

Lastly, exporters from Pakistan should be aware that some EU Member States may require airport authorities, harbour authorities, importers or operators to give, as soon as they are aware of the imminent arrival of a consignment of plants, plant products and other objects advance notice to the customs office of point of entry and to the official body of point of entry. Exporters from Pakistan should check with the relevant parties before import to a specific EU country.

What if I am an organic producer?

Generally, organic producers of fresh and processed fruits and nuts may include a reference to the organic nature of their products, subject to Commission Regulation No. 1235/2008.⁶⁴ This Regulation lays down detailed rules of the implementation of Council Regulation (EC) No. 834/2007,⁶⁵ as to the arrangements for imports of organic products from third countries. The rules relate to the:

- Production, processing, packaging, transport and storage of products;
- Use of certain products and substances in processing of food;⁶⁶
- Prohibition of use of genetically modified organisms and of products manufactured from GMO in organic production;

⁶⁴ Commission Regulation (EC) No. 1235/2008 of 8 December 2008 laying down detailed rules for implementation of Council Regulation (EC) No. 834/2007 as regards the arrangements for imports of organic products from third countries, OJ L 334, 12.12.2008 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02008R1235-20140508&qid=1407778990333&from=EN>).

⁶⁵ Council Regulation (EC) No. 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No. 2092/91, OJ L 189, 20.7.2007 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02007R0834-20130701&qid=1407779095034&from=EN>).

⁶⁶ Annexes VIII and IX of Commission Regulation (EC) No. 889/2008.

- Use of the organic production logo; and
- Inspection measures and specific control scheme to be applied by the appointed authorities in the Member States.

The annexes to Commission Regulation No. 1235/2008 provide lists of control bodies, control authorities and recognised third countries that the EU recognises. However, currently Pakistan is not a country listed in these annexes, thus direct recognition of the organic nature of products is not possible. In order to export products and sell them as organic within the EU, exporters from Pakistan must have them processed at a company that is registered with an approved organic control body within the EU. Information on the application process to become an authorised control body/authority EU Commissions Agriculture and Rural Development website, here: http://ec.europa.eu/agriculture/organic/eu-policy/eu-rules-on-trade/control-bodies/index_en.htm.

ETHANOL



What is the first step that a trader in Pakistan must take to export ethanol to the EU?

The first step a trader in Pakistan must take is to find the proper CN code classification. With respect to ethanol, Pakistan exports mostly undenatured ethanol, which is classified under Chapter 22 on Beverages, Spirits and Vinegar, the 6-digit CN code 2207.10. A smaller quantity of denatured ethanol is exported from Pakistan, which is classified under the 6-digit CN code 2207.20. According to the integrated Tariff of the European Union (hereinafter, TARIC), the normal tariff duty for undenatured ethanol EUR 19.2/hectolitre. For denatured ethanol, the normal tariff duty is EUR 10.2/hectolitre.

As stated in Article 12(2) of the GSP Regulation, specific duties on products covered by the GSP+ will be suspended entirely. In Annex IX, within 'Section 4b', Chapter 22 is included, as seen below:

22	Ex Chapter 22	Beverages. Spirits and vinegar excluding products under subheadings 2204 10 11 to 2204 30 10 and subheading 2208 40	
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There are exceptions as well, but none pertain to ethanol. Thus, as a GSP+ beneficiary, Pakistan is entitled to a duty free tariff rate (0%) for products contained in Chapter 22 of the CN..

What are the specific rules of origin applicable to ethanol under the GSP+?

There are specific rules of origin for beverages, spirits and vinegar entering the EU regarding the working or processing of the products, carried out on non-originating materials, which confer originating status. The rules of origin regarding Chapter 22 of the CN are contained in Commission Regulation No. 2453/93, and provide, in relevant part:

Chapter 22	Beverages, spirits and vinegar	<p>Manufacture from materials of any heading, except that of the product and headings 2207 and 2208, in which:</p> <ul style="list-style-type: none"> — all the materials of sub-headings 0806 10, 2009 61, 2009 69 used are wholly obtained, and — the individual weight of sugar (1) and of the materials of Chapter 4 used does not exceed 40 % of the weight of the final product, and — the total combined weight of sugar (1) and the materials of Chapter 4 used does not exceed 60 % of the weight of final product
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In particular, the manufacture from materials of any heading, except that of the product and headings 2207 and 2208, in which:

- All the materials of sub-headings 0806.10, 2009.61, 2009.69 used are wholly obtained;

- The individual weight of sugar and of the materials of Chapter 4 used does not exceed 40% of the weight of the final product; and
- The total combined weight of sugar and the materials of Chapter 4 used does not exceed 60% of the weight of final product.

In cases where the content of non-originating sugar in a given product is subject to limitations, the weight of sugars of headings 1701 (sucrose) and 1702 (e.g. fructose, glucose, lactose, maltose, isoglucose or invert sugar) used in the manufacture of the final product and used in the manufacture of the non-originating products incorporated in the final product is taken into account for the calculation of such limitations.

Additionally, products contained within the 4-digit heading 2207 from countries within 'Group III' (of which Pakistan is a part) do not qualify for regional cumulation. An excerpt of the table is provided below, the second box is relevant to 'Group III'.

2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher		X	X
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For exporters of ethanol from Pakistan, the result is that the given the exception contained in the rule pertaining to Chapter 22 above, denatured and undenatured ethanol from countries other than Pakistan cannot qualify as originating from Pakistan.

Do I need special license to import ethanol into the EU?

For certain quantities of importation of ethanol into the EU, an agriculture import licence (referred to as an AGRIM) is required prior to importation. These licences are issued in accordance with Commission Regulation No. 376/2008),⁶⁷ which also contains copies of the required documentation.

The specific quantity thresholds are provided in Annex II Part I of Regulation No. 514/2008.⁶⁸

In relevant part, the thresholds are as follows:

M. Ethyl alcohol of agricultural origin (Part I of Annex II to Regulation (EC) No 1234/2007)

CN code	Description	Amount of the security	Period of validity	Net quantities (1)
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⁶⁷ Commission Regulation (EC) No. 376/2008 of 23 April 2008 laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products, OJ L 114, 26.4.2008 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02008R0376-20130701&qid=1407779298405&from=EN>).

⁶⁸ Commission Regulation (EC) No. 514/2008 of 9 June 2008 amending Regulation (EC) No. 376/2008 laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products, as well as Regulations (EC) No. 1439/95, (EC) No. 245/2001, (EC) No. 2535/2001, (EC) No. 1342/2003, (EC) No. 2336/2003, (EC) No. 1345/2005, (EC) No. 2014/2005, (EC) No. 951/2006, (EC) No. 1918/2006, (EC) No. 341/2007 (EC) No. 1002/2007, (EC) No. 1580/2007 and (EC) No. 382/2008 and repealing Regulation (EEC) No. 1119/79, OJ L 150, 10.6.2008 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008R0514&qid=1407779489689&from=EN>).

ex 2207 10 00	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 % vol. or higher, obtained from the agricultural products listed in Annex I to the Treaty	EUR 1 per hectoliter	until the end of the fourth month following the month of the day of issue of the licence, in accordance with Article 22(1)	100 hl
ex 2207 20 00	Ethyl alcohol and other spirits, denatured, of any strength, obtained from the agricultural products listed in Annex I to the Treaty	EUR 1 per hectoliter	until the end of the fourth month following the month of the day of issue of the licence, in accordance with Article 22(1)	100 hl
ex 2208 90 91	Undenatured ethyl alcohol of alcoholic strength by volume of less than 80 % vol., obtained from the agricultural products listed in Annex I to the Treaty	EUR 1 per hectoliter	until the end of the fourth month following the month of the day of issue of the licence, in accordance with Article 22(1)	100 hl
ex 2208 90 99	Undenatured ethyl alcohol of alcoholic strength by volume of less than 80 % vol., obtained from the agricultural products listed in Annex I to the Treaty	EUR 1 per hectoliter	until the end of the fourth month following the month of the day of issue of the licence, in accordance with Article 22(1)	100 hl
<p>(1) Maximum quantities for which no licence or certificate needs to be presented, pursuant to Article 4(1)(d). These limitations do not apply for imports under preferential conditions or under tariff quota. (—) Licence or certificate are required for any quantities.</p>				

However, though the fifth column of the table above indicates the maximum quantities for which no licence or certificate needs to be presented, pursuant to Article 4(1)(d) of Regulation No. 514/2008, those limitations do not apply for imports under preferential conditions or under tariff quota. Thus, for exporters of ethanol from Pakistan, a license or certificate must always be presented.

Detailed rules relating to the importation of alcohol are contained in Commission Regulation (EC) No. 2336/2003.⁶⁹

As a general matter, imports of the selected product code are subject to the prior issue of an import licence (called import certificate) by the competent authority of the importing Member State, which entitles and obliges the importer to introduce the requested quantities in to the EU. In order to obtain the licence, the importer shall deposit a security, which is returned once the importation takes place within the established period.

Import certificates are issued by the competent authorities of the relevant EU Member State prior to clearance for free circulation, upon:

- Request of the certificate using an application form, drawn up in duplicate (a '*holder's copy*' and '*copy for the issuing authority*'), using either the document provided in Annex I to Commission Regulation No. 376/2008 or other sufficient means approved by the responsible authority; and
- Deposit of an adequate security, which amount is set in the Common Organisation of the Market for each agricultural sector. The deposit is returnable once the importer has fulfilled all his/her obligations. No security will be required if it comes to EUR 100 or less, or if the licence is drawn up in the name of an intervention agency.

Certificates can also be issued using computerised systems according to rules laid down by the competent authorities. The import certificate constitutes both an authorisation and an obligation to import the specified quantity of the products concerned during its period of validity. If the imported quantity is greater or less by not more than 5% of which is indicated in the certificate, the obligation to import will be considered as fulfilled. The security deposited upon importation shall not be returned if the importer fails to comply with his obligations. Obligations deriving from

⁶⁹ Commission Regulation (EC) No. 2336/2003 of 30 December 2003 introducing certain detailed rules for applying Council Regulation (EC) No. 670/2003 laying down specific measures concerning the market in ethyl alcohol of agricultural origin, OJ L 346, 31.12.2003 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02003R2336-20100201&qid=1407779712803&from=EN>).

certificates are not transferable, though rights can be transferred by their titular holder, during the period of its validity and for the quantities not yet attributed to the certificate.

Domestically, businesses in Pakistan should be aware that only the producers of ethanol are allowed to export from Pakistan.⁷⁰ Additionally, ethanol producers are required to have a license granted by the Explosive Department of Pakistan, and producers must also register with the Excise Department of Pakistan.⁷¹

Are there any marketing requirements applicable to ethanol in the EU?

Some types of ethanol are subject to the EU marketing requirements for dangerous chemicals, pesticides and biocides. To place ethanol on the EU market, exporters from Pakistan may need to comply with the marketing requirements laid down by the EU legislation designed to ensure a high level of protection of human health and the environment. In particular, marketing requirements for dangerous chemicals, pesticides and biocides, which include:

- General procedures for the Registration, Evaluation, Authorisation and Restriction of Chemicals (referred to as REACH);
- Specific provisions on the Classification, Labelling and Packaging (or CLP) of substances and mixtures; and
- Specific conditions for plant protection products and biocidal products.

Are there any other preferential trade arrangements being used by other countries importing ethanol to the EU?

Exporters from Pakistan should be aware that ethanol classified under HS codes 2207.20.00.20 and 2207.20.00.80 is, until 31 December 2018, subject to an autonomous tariff suspension (*i.e.* a temporary tariff rate of 0%) for specific end-use. The end-use relief is subject to certain customs control conditions found in Articles 291 to 300 of Commission Regulation No. 2454/93. In other words, until at least the end of 2018, exporters from Pakistan may be competing with exporters from other countries with regard to denatured ethanol.

⁷⁰ This information was provided in a submission from the National Consultant for this Guide.

⁷¹ *Ibid.*

DAIRY



What is the first step that a trader in Pakistan must take to export dairy products to the EU?

The first step a trader in Pakistan must take is to find the proper CN code classification. For dairy products, most of the relevant tariff lines are found in Chapter 4 of the CN.⁷²

As stated in Article 12(1) of the GSP Regulation, '*The Common Customs Tariff ad valorem duties on all products listed in Annex IX which originate in a GSP+ beneficiary country shall be suspended*'. In Annex IX, within 'Section S-1a', the products listed from Chapter 4 are limited to the following 8-digit CN codes:

04	0403 10 51	Yogurt, flavoured or containing added fruit, nuts or cocoa	
	0403 10 53		
	0403 10 59		
	0403 10 91		
	0403 10 93		
	0403 10 99		
	0403 90 71	Buttermilk, curdled milk and cream, kephir and other fermented or acidified milk and cream, flavoured or containing added fruit, nuts or cocoa	
	0403 90 73		
	0403 90 79		
	0403 90 91		
	0403 90 93		
	0403 90 99		
	0405 20 10	Dairy spreads, of a fat content, by weight, of 39% or more but not exceeding 75%	
	0405 20 30		
	0407 19 90 0407 29 90 0407 90 90	Birds's eggs, in shell, fresh, preserved or cooked, other than of poultry	
	0409 00 00	Natural honey	
	0410 00 00	Edible products of animal origin, not elsewhere specified or included	

⁷² Some specific product lines in other chapters may be relevant, including 1702.19.00 ('Lactose and lactose syrup not containing added flavouring or colouring matter...'), 2106.90.51 ('Flavoured or coloured lactose syrup') and 2309 (some 'Preparations of a kind used in animal feeding').

What are the specific rules of origin applicable to dairy products under the GSP+?

Under the GSP rules of origin, the originating statuses of all dairy products follow the same rules. According to Part II of Annex 13a of Commission Regulation No. 2454/93, the GSP rules of origin for Chapter 4 of the CN include:

(1)	(2)	(3)
Chapter 4	Dairy produce ; bird's eggs ; natural honey ; edible products of animal origin, not elsewhere specified or included ;	<p>Manufacture in which:</p> <ul style="list-style-type: none"> — all the materials of Chapter 4 used are wholly obtained, and — the weight of sugar (1) used does not exceed 40 % of the weight of the final product

The structure of the table includes 3 columns. In the example provided, column 1 provides the chapter number, but it could also reference specific 4-digit headings or 6-digit sub-headings. Column 2 gives the product description as stated in the CN. Column 3 includes the relevant '*qualifying operations*'. Simply put, for exporters from Pakistan, column 3 states the minimum '*qualifying operation*' necessary for a material not originating from Pakistan, but sufficiently processed there, for it to be deemed to have originated from Pakistan for the purposes of the GSP+ scheme. With regards to dairy products, in order for them to be deemed to originate from Pakistan, the dairy products must be wholly obtained from Pakistan and the weight of the sugar used cannot exceed 40% of the weight of the product.

The footnote regarding sugar states:

(1) See Introductory Note 4.2.

Additionally, Introductory Note 4.2 states that:

'In cases where the content of non originating sugar in a given product is subject to limitations, the weight of sugars of headings 1701 (sucrose) and 1702 (e.g., fructose, glucose, lactose, maltose, isoglucose or invert sugar) used in the manufacture of the final product and used in the manufacture of the non-originating products incorporated in the final product is taken into account for the calculation of such limitations.'

What are the labelling rules applicable to dairy products imported into the EU?

On 11 December 2011, Regulation No. 1169/2011 on the provision of food information to consumers entered into effect in the EU.⁷³ The new regulation combines 2 previous directives – Directive 2000/13/EC and Directive 90/496/EEC – into a single piece of legislation. Food information is defined as '*information concerning a food and made available to the final consumer by means of a label, other accompanying material, or any other means including modern technology tools or verbal communication*'. According to the new regulation, the food business

⁷³ Regulation (EU) No. 1169/2011 of the European Parliament and of the Council of 25 October 2011 on the provision of food information to consumers, amending Regulations (EC) No. 1924/2006 and (EC) No. 1925/2006 of the European Parliament and of the Council, and repealing Commission Directive 87/250/EEC, Council Directive 90/496/EEC, Commission Directive 1999/10/EC, Directive 2000/13/EC of the European Parliament and of the Council, Commission Directives 2002/67/EC and 2008/5/EC and Commission Regulation (EC) No. 608/2004, OJ L 304, 22.11.2011 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02011R1169-20140219>).

operator responsible for food information is the operator under whose name or business name the food is marketed or, if that operator is not established in the EU, the importer into the EU market.

Article 9 of the Regulation provides a mandatory list of particulars (i.e., information which must be indicated on the product). The list includes:

- The name of the food;
- The list of ingredients;
- Any ingredient or processing aid listed in Annex II or derived from a substance or product listed in Annex II causing allergies or intolerances used in the manufacture or preparation of a food and still present in the finished product, even if in an altered form;
- The quantity of certain ingredients or categories of ingredients;
- The net quantity of the food;
- The date of minimum durability or the 'use by' date;
- Any special storage conditions and/or conditions of use;
- The name or business name and address of the food business operator referred to in Article 8(1);
- The country of origin or place of provenance where provided for in Article 26;
- Instructions for use where it would be difficult to make appropriate use of the food in the absence of such instructions;
- With respect to beverages containing more than 1,2% by volume of alcohol, the actual alcoholic strength by volume; and
- A nutrition declaration.

As a general matter, exporters of dairy products from Pakistan need to be aware of Regulation No. 1169/2011, as it will begin applying as of 13 December 2014. Most food manufacturers selling products on the EU marketplace have already begun the process of transitioning to the new regulations. Many food manufacturers have redesigned product packaging to account for new information and size requirements in order to comply with Regulation No. 1169/2011. Complying with the regulation is extremely important for businesses attempting to sell their products in the EU marketplace, thus a full review of Regulation No. 1169/2011 is warranted.

However, regarding dairy products, there are a few specific articles in Regulation No. 1169/2011 that are relevant, including Articles 21, 26 and 40. According to Article 21, titled, 'Labelling of certain substances or products causing allergies or intolerances', the particulars referred to in the third bullet point above must be indicated in the list of ingredients in accordance with the rules laid down in Article 18(1), with a clear reference to the name of the substance or product as listed in Annex II and the name of the substance or product as listed in Annex II shall be emphasised through a typeset that clearly distinguishes it from the rest of the list of ingredients, for example by means of the font, style or background colour. This is relevant to dairy products because paragraph 7 of Annex II pertains to milk and products thereof (including lactose), except whey used for making alcoholic distillates including ethyl alcohol of agricultural origin and lactitol. Exporters of dairy products from Pakistan should note that paragraph 1 of Article 21 also states that *'the indication of the particulars referred to in point (c) of Article 9(1) shall not be required in cases where the name of the food clearly refers to the substance or product concerned'*.

Next, Article 26 on the country of origin or place of provenance states that *'by 13 December 2014, the Commission shall submit reports to the European Parliament and the Council regarding the mandatory indication of the country of origin or place of provenance for the following foods: [...] (b) milk; [and] (c) milk used as an ingredient in dairy products'*. The EU Commission has not yet submitted the relevant report, but exporters from Pakistan need to be aware that country of origin labelling may be required on milk products in the near future. It is in their best interests to monitor this situation as it develops.

Lastly, Article 40 states that EU Member States may adopt measures derogating from Article 9(1) and Article 10(1) in the case of milk and milk products presented in glass bottles intended for reuse. EU Member States must communicate to the Commission the text of those measures without delay. These measures would be adopted on an individual Member States basis, and thus exporters of Pakistan should review whether the country that they

intend to export products to has adopted any relevant measures regarding the use of glass bottles for milk or milk products.

Are there any sanitary and phytosanitary requirements relating to the importation of dairy products from Pakistan?

Currently, EU requirements relating to sanitary and phytosanitary measures do not allow the export of milk or milk products from Pakistan to the EU. Third countries intending to export milk and milk products to the EU must be included in the list of countries authorised for the export of milk and milk products as provided in Commission Regulation No. 605/2010.⁷⁴

In order to be included in the list of authorised countries, Pakistan needs to request an inspection by the EU Food and Veterinary Office and demonstrate that it fulfils the requisite EU animal and public health requirements. Health requirements for milk and milk products are included in Council Directive 2002/99/EC.⁷⁵

If Pakistan is eventually approved as an authorised third country for the export of milk and milk products, inspected establishments would be deemed authorised to export to the EU. Once the exportation of milk and milk products from Pakistan were to begin, EU Member States would perform random sampling and analysis of foodstuffs. If a relevant authority identifies a risk during the random sampling and analysis, it may temporarily suspend or restrict production or distribution of products.

As a result, there are a number of relevant sanitary and phytosanitary considerations that traders of dairy products need to be aware of if they want to export products to the EU. Those include regulations relevant to the control of contaminants and certain residues, the health control of products of animal origin and certain traceability requirements.

Council Regulation No. 315/93 lays down EU procedures for contaminants in food.⁷⁶ However, Commission Regulation No. 1881/2006 sets maximum levels for certain contaminants in foodstuffs to be placed on the EU market.⁷⁷

The Annex to Commission Regulation No. 1881/2006 is organised in sections that specify maximum contaminant levels allowed for products in the EU marketplace. For exporters of dairy products from Pakistan attempting to enter the EU market, sections 2, 3 and 5 are directly relevant. However, other sections may be relevant (such as references to baby foods in Section 1 and infant foods in Section 6). A full review of the regulation is needed by exporters of dairy products from Pakistan to ensure they comply. Additional information regarding contaminants in food is provided on the EU Commission's website of the Directorate-General for Health and Consumers.⁷⁸

In addition to testing for contaminants in foodstuffs, relevant authorities test for levels of pesticide residue in, *inter alia*, animal products. In this regard, Council Directive 96/23/EC and its Annexes provide the relevant residue

⁷⁴ Commission Regulation (EU) No. 605/2010 of 2 July 2010 laying down animal and public health and veterinary certification conditions for the introduction into the European Union of raw milk, dairy products, colostrum and colostrum-based products intended for human consumption, OJ L 175, 10.7.2010 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02010R0605-20140326>).

⁷⁵ Council Directive 2002/99/EC of 16 December 2002 laying down the animal health rules governing the production, processing, distribution and introduction of products of animal origin for human consumption, OJ L 18, 23.1.2003 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02002L0099-20130802&from=EN>).

⁷⁶ Council Regulation (EEC) No. 315/93 laying down Community procedures for contaminants in food, OJ L 037, 13.2.1993 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:01993R0315-20090807>).

⁷⁷ Commission Regulation (EC) No. 1881/2006 of 19 December 2006 setting maximum levels for certain contaminants in foodstuffs, OJ L 364 20.12.2006 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02006R1881-20140602>).

⁷⁸ Available at http://ec.europa.eu/food/food/chemicalsafety/contaminants/index_en.htm.

information and limits.⁷⁹ Producers of dairy products from Pakistan need to be aware of the relevant pesticides and their associated limits if they intend to export into the EU.

Do I need special license to import dairy products into the EU?

For certain quantities of importation of milk and milk products into the EU, an agriculture import licence (referred to as an AGRIM) is required prior to importation. These licences are issued in accordance with Commission Regulation No. 376/2008,⁸⁰ which also contains copies of the required documentation. In order to obtain the licence, the importer shall deposit a security, which is returned once the importation takes place within the established period.

The specific quantity thresholds are provided in Annex II Part I of Regulation No. 514/2008.⁸¹

Regarding products within Chapter 4 of the EU CN Code, the annex provides that:

CN code	Description	Amount of the security	Period of validity	Net quantities (1)
Ex Chapters 04, 17, 21 and 23	All milk and milk products, imported under preferential conditions other than tariff quotas and with the exception of Cheese and curd (CN code 0406) originating in, Switzerland, imported without licence, as follow :			
0401	Milk and cream, not concentrated nor containing added sugar or other sweetening matter	10 EUR/ 100 KG	until the end of the third month following the month of the day of issue of the licence, in accordance with Article 22(1)	(-)
ex 0405	Butter and other fats and oils derived from milk; dairy spreads of a fat content of more than 75 % but less than 80 %	10 EUR/ 100 KG	until the end of the third month following the month of the day of issue of the licence, in accordance with Article 22(1)	(-)
0406	Cheese and curd, with the exception of Cheese and curd originating in Switzerland, imported without licence	10 EUR/ 100 KG	until the end of the third month following the month of the day of issue of the licence, in accordance with Article 22(1)	(-)

⁷⁹ Council Directive 96/23/EC of 29 April 1996 on measures to monitor certain substances and residues thereof in live animals and animal products and repealing Directives 85/358/EEC and 86/469/EEC and Decisions 89/187/EEC and 91/664/EEC, OJ L 125, 23.5.1996 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:01996L0023-20130701>).

⁸⁰ Commission Regulation (EC) No. 376/2008 of 23 April 2008 laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products, OJ L 114, 26.4.2008 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02008R0376-20130701&qid=1407779298405&from=EN>).

⁸¹ Commission Regulation (EC) No. 376/2008 of 23 April 2008 laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products, OJ L 114, 26.4.2008 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02008R0376-20130701&qid=1407779298405&from=EN>).

1702 19 00	Lactose and lactose syrup not containing added flavouring or colouring matter, containing by weight less than 99 % lactose, expressed as anhydrous lactose, calculated on the dry matter	10 EUR/ 100 KG	until the end of the third month following the month of the day of issue of the licence, in accordance with Article 22(1)	(–)
2106 90 51	Flavoured or coloured lactose syrup	10 EUR/ 100 KG	until the end of the third month following the month of the day of issue of the licence, in accordance with Article 22(1)	(–)
ex 2309	Preparations of a kind used in animal feeding: Preparations and feedingstuffs containing products to which Regulation (EC) No 1234/2007 applies, directly or by virtue of Regulation (EC) No 1667/2006, except preparations and feedingstuffs falling under Part I of Annex I to that Regulation	10 EUR/ 100 KG	until the end of the third month following the month of the day of issue of the licence, in accordance with Article 22(1)	(–)

Additionally, a few specific milk products are included, which are not contained within Chapter 4 of the CN Code, as follows:

1702 19 00	Lactose and lactose syrup not containing added flavouring or colouring matter, containing by weight less than 99 % lactose, expressed as anhydrous lactose, calculated on the dry matter	10 EUR/ 100 KG	until the end of the third month following the month of the day of issue of the licence, in accordance with Article 22(1)	
2106 90 51	Flavoured or coloured lactose syrup	10 EUR/ 100 KG	until the end of the third month following the month of the day of issue of the licence, in accordance with Article 22(1)	(–)
ex 2309	Preparations of a kind used in animal feeding: Preparations and feedingstuffs containing products to which Regulation (EC) No 1234/2007 applies, directly or by virtue of Regulation (EC) No 1667/2006, except preparations and feedingstuffs falling under Part I of Annex I to that Regulation	10 EUR/ 100 KG	until the end of the third month following the month of the day of issue of the licence, in accordance with Article 22(1)	(–)

Typically, the fifth column of the table above indicates the maximum quantities for which no licence or certificate needs to be presented, pursuant to Article 4(1)(d) of Regulation No. 514/2008. For milk and milk products there is no maximum quantity indicated, though those limitations do not apply for imports under preferential conditions or under tariff quota. Thus, for exporters of ethanol from Pakistan, a license or certificate must always be presented.

Import certificates are issued by the competent authorities of the Member State prior to clearance for free circulation, upon:

- Request of the certificate using an application form, including the '*holder's copy*' and '*copy for the issuing authority*' in accordance with Annex I of Commission Regulation (EC) No. 376/2008 (or other sufficient means approved by the responsible authority); and

- Deposit of an adequate security. The deposit is returnable once the importer has fulfilled its obligations.

Lastly, milk and milk products are regulated by specific rules, pursuant to Commission Regulation (EC) No. 2535/2001.⁸² For the most part, this regulation covers specific arrangements and tariff quotas with certain countries, but exporters of milk products from Pakistan should be especially aware of the products listed in Annex I of the regulation, as it lists tariff quotas not specified by country of origin.

⁸² Commission Regulation (EC) No. 2535/2001 of 14 December 2001 laying down detailed rules for applying Council Regulation (EC) No. 1255/1999 as regards the import arrangements for milk and milk products and opening tariff quotas, OJ L-341 22.12.2001 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02001R2535-20140425>).

ANNEXES

Certificate of Origin Forms A and B, as provided by the National Consultant to this Guide

APPLICATION FOR CERTIFICATE OF ORIGIN FORM B

The undersigned, being the exporter of the goods described overleaf. DECLARES that these goods were produced in
.....(country)

SPECIFIES as follows the grounds on which the goods are claimed to comply with GSP origin requirements')

.....
.....
.....

SUBMITS the following supporting documents.

.....
.....
.....

UNDERTAKES to submit, at the request of the appropriate authorities of the exporting country any additional supporting evidence which these authorities may require for the purpose of issuing a certificate of origin. and undertakes. If required to agree to any inspection of his accounts and any check on the processes of manufacture of the above goods, carried out by the said authorities .

Place and
date.....

signature of authorized signatory

REQUEST the issue of a certificate of origin for these
goods

1) To be completed if materials or components originating in another country have been used in the manufacture of the goods in question. Indicate the materials or components used. their CCC Nomenclature tariff heading, their country of origin and, where appropriate, the manufacturing process qualifying the goods as originating in the country of manufacture (application of list B or of the special conditions laid down in list A), the goods produced and their CCC Nomenclature tariff heading. Where the origin criteria involve a percentage value, give information enabling this percentage to be verified for example the value of imported materials and components and those of undetermined origin and the ex-factory price of the exported good where applicable.

2) For example, import documents, invoices. etc , relating to the materials or components used

NOTES

A . Procedure for claiming preference. A declaration on the certificate of origin form must be prepared by the exporter of the goods and submitted in duplicate, together with a GSP application form to the certifying authority of the country of exportation which will if satisfied, certify the top copy of the certificate of origin and return 11 to the exporter for transmission to the importer in the country of destination. The certifying authority will at the same time return to the exporter for his retention the duplicate copy of the certificate of origin. but will itself retain the GSP application form duly completed and signed by the exporter.

B. Sanctions, Persons who furnish, or cause to be furnished, information which relates to origin or consignments and which is untrue in a material particular are liable to legal penalties and to the suspension of facilities for their goods to obtain preference.

Trade Development Authority of Pakistan, Government of Pakistan

Example of a Notification of Export Development Charge, as provided by the National Consultant to this Guide

Annexure - I

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE, ECONOMIC AFFAIRS, STATISTICS AND REVENUE
(REVENUE DIVISION)

Islamabad, the 4th January, 2003

NOTIFICATION
(CUSTOMS)

SRO 10 (1)/2003 – In exercise of the powers, conferred by section 21 A of the Customs Act, 1969 (IV of 1969), read with section 11 of the Finance Act, 1991 (XII of 1991), the Central Board of Revenue is pleased to direct that the Export Development Surcharge shall be levied, on exportation of all goods, except the goods exempted from the Export Development Surcharge as notified by the Federal Government from time to time, at the rate of 0.25% of the value of the said goods, as determined under section 25, or as the case may be, under section 25B of the Custom Act, 1969 (IV of 1969), and collected by State Bank of Pakistan or any other bank duly authorized by the State Bank of Pakistan, upon the realization of the export proceeds in accordance with such rules and procedures as the State Bank of Pakistan may, by notification in official Gazette, specify.

.....
{C. No.5(8)EP.2002.Vol-I}

Sd/-
(Mumtaz Haider Rizvi)
Additional Secretary/Member

Annexure - II

**SCHEDULE TO BE SUBMITTED BY THE BANKS AT THE TIME OF DEPOSITING
THE EDS IN NATIONAL BANK OF PAKISTAN COLLECTION ACCOUNT**

Name and Address of the Bank/Branches depositing EDS:_____

Dated_____

The details of EDS Collections made at our bank/branch offices are shown below:

S. No.	Name of the Exporter	No. & Date of B/L or Airway Bill	FOB value of the goods shipped (in FCY)		Amount Realized in FCY whether full or partial/short realization.		Date of realization of export proceed (whether full or first partial)	Rate of conversion applicable on the date of first realization i.e at Column 6	Amount Realized in Pak .Rupees	Pak Rupees equivalent of FOB Value of goods shipped at the Exchange Rate at column '7' (4 x7). (Rs.)	EDS collected @ 0.25% of column -9
			Currency	Amount	Currency	Amount			(5 x7). (Rs.)		$\frac{0.25 \times \text{column -9}}{100}$ (Rs.)
1	2	3	4		5		6	7	8	9	10

Total amount of Rs._____ has been collected as above and enclosed payment order/draft dated _____ drawn on _____ for the credit to

Federal Government under sub-head - 0213300 – Export Development Surcharge account maintained with NBP, FTC Branch, Shahrae Faisal, Karachi in terms of Revenue Division’s Notification No. 10/(1) 2003 dated the 4th January 2003

Authorized Signature
(Bank /Branch Name with Stamp)

Annexure - III

Bank's letter head

**SCHEDULE TO BE SUBMITTED BY THE BANK TO THE
CUSTOMS AUTHORITIES IN RESPECT OF NON-COLLECTION OF EDS DUE TO
NON-REALIZATION OF EXPORT PROCEEDS**

To,

The Collector of Customs,

We advise that the Export Proceeds amounting to. ...(amount in FCY)..... being the FOB value of the goods shipped of the exporter M/s. (Name of the exporters) against the Export Bill No.----- dated -----Bill of Lading/Airway Bill No. (B/L or Airway Bill Number) dated (Date) , have not been realized on the due date in terms of the sale contract or within 180 days from the date of shipment, whichever is earlier.

(Signature &
Seal) (Bank)

Contact and Enquiry Points Relevant to Exporters in Pakistan, as provided by the National Consultant to this Guide

Annex III

Contact and Enquiry Points Relevant to Exporters in Pakistan

Trade Development Authority of Pakistan (TDAP) can be considered as major contact point for information on regulations and Certificate of Origin. The TDAP offices spread all over Pakistan, where GSP Certificate of Origin is issued to the exporters. A special desk namely 'EUGSP desk' is established and furthermore Europe division of the TDAP can help the exporters. Contact detail of the TDAP is as under:

Trade Development Authority of Pakistan
3rd Floor, Block-A, Finance & Trade Centre
P.O. Box No. 1293, Shahrah-e-Faisal, Karachi
75200
UAN Number: + 9221-111-444-111
Fax: +9221-99206461
Email: tdap@tdap.gov.pk
Website: www.tdap.gov.pk

Apart from the TDAP, private sector associations are also very helpful for exporters in Pakistan. The contact details are given here under for different 4 sectors:

Apparel and readymade garments:

1. PAK READYMADE GARMENTS MANUFACTURERS & EXPORTERS ASSOCIATION
SHAHEEN VIEW BUILDING, PLOT #18-A
BLOCK 6, PECHS, SHAHRAH-E-FAISAL
KARACHI
TEL: 021-34533327/34382601-3
FAX: 021-34539669/34536686
EML: info@prgmea.org
Website: www.prgmea.org

2. PAKISTAN HOSIERY MANUFACTURERS & EXPORTERS ASSOCIATION
P.H.M.A. HOUSE, 37-H, BLOCK 6, PECHS
KARACHI
TEL: 021-34522769/34522685
FAX: 021-34543774

EML: info@phmaonline.com

Website: www.phmaonline.com

3. Pakistan Knitwear & Sweater Exporters Association (PAKSEA), Karachi
1014, 1015 & 1016, 10th Floor, Park Avenue Block-6,
P.E.C.H.S, Shahrah-e-Faisal, Karachi Tel: (92-021)
34544035-6-7
Fax: (92-021) 34544039
Email: info@paksea.com / paksea@cyber.net.pk
Website: www.paksea.com

Leather footwear:

1. PAKISTAN FOOTWEAR MANUFACTURERS ASSN
6-F, REHMAN BUSINESS CENTRE 32 B-III, GULBERG III LAHORE
TEL: 042-35750051
FAX: 042-35780276
EML: pfma@pakfootwear.org
Website: www.pakfootwear.org

Fresh and processed fruits and nuts:

1. ALL PAKISTAN FRUIT & VEGETABLE EXPORTERS, IMPORTERS & MERCHANTS ASSOCIATION B-
329/2, BLOCK 1, GULISTAN-E-JAUHAR
KARACHI
TEL: 021-7080629/34012927
FAX: 021-34012943
EML: info@pfva.net
Website: www.pfva.net

Ethanol:

1. PAKISTAN ETHANOL MANUFACTURERS ASSOCIATION
303-SAWAN ROAD, G-10/1
ISLAMABAD
TEL: 051-2102213-15
FAX: 051-2102216

2. PAKISTAN SUGAR MILLS ASSOCIATION
24-D, RASHID PLAZA MEZZANINE FLOOR,
BLUE AREA ISLAMABAD
TEL: 051-2270525/2823971
FAX: 051-2274153
Website: www.psmacentre.com

The International Trade Centre implemented the Trade Policy Capacity Building Component of the European Union funded TRTA II programme. It is aimed at the Ministry of Commerce and Government of Pakistan in developing a coherent trade policy and attendant regulations for export competitiveness. Specifically, it will aim to reinforce the skills of government officers working in trade related ministries and implementing agencies on issues related to trade policy, commercial diplomacy and regulatory reform. The main way in which to achieve this through the institutional capacity building of key local training institutes, which is intended to have an immediate effect on the capacity of government officers working on trade policy issues.

In addition, Component 1 promotes comprehensive, regular and well informed public-private dialogue among the government, private sector and civil society for trade policy development, monitoring and evaluation. To promote local ownership and legitimacy of the dialogue, a steering committee comprising equal representation of the public and private sectors has been established with the formal approval of the Ministry of Commerce of Pakistan. Its mandate is to oversee the planning, implementation and monitoring of public-private dialogue on key issues. To better inform the public-private dialogue process, research studies are commissioned and internationally peer reviewed before dissemination to stakeholders.

The targeted interventions of Component 1 to achieve these goals constitute the following:

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

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



For further information about the ITC implemented Component 1 and the TRTA-II programme visit: <http://trtapakistan.org>